
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in AustAsia Group Ltd., you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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(Incorporated in the Republic of Singapore with limited liability)
(Stock Code: 2425)

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES
FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE
ON NON-UNDERWRITTEN BASIS;
(2) APPLICATION FOR WHITEWASH WAIVER; AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Financial adviser to the Company



Independent Financial Adviser to the Independent Board Committee

ALTUS CAPITAL LIMITED
浩德融資有限公司

Unless the context otherwise requires, capitalized terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this circular.

A letter from the Board is set out on pages 11 to 36 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages IBC-1 to IBC-2 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee is set out on pages IFA-1 to IFA-50 of this circular.

It should be noted that the Shares will be dealt in on an ex-rights basis from Wednesday, 2 July 2025. Dealings in the Rights Shares in the nil-paid form will take place from Wednesday, 16 July 2025 to Wednesday, 23 July 2025 (both days inclusive). If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Wednesday, 16 July 2025 to Wednesday, 23 July 2025 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form is recommended to consult his/her/its own professional advisers.

A notice convening the EGM to be held at 3:00 p.m. on Friday, 27 June 2025 at 9/F, The Center, 99 Queen's Road Central, Central, Hong Kong, at which the EGM Resolutions will be considered, is set out on pages EGM-1 to EGM-4 of this circular. A form of proxy for use at the EGM (or any adjournment thereof) is also enclosed with this circular.

Whether or not you intend to attend the EGM (or any adjournment thereof), you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

The Rights Issue is on a non-underwritten basis. The Singaporean legal advisers of the Company have confirmed that there are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue. Nevertheless, the Rights Issue is subject to fulfilment of the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" in this circular. If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“acting in concert”	has the meaning ascribed thereto under the Hong Kong Takeovers Code
“AFRC”	the Accounting and Financial Reporting Council in Hong Kong
“Announcement”	the announcement of the Company dated 16 April 2025, in relation to, among other things, the Rights Issue and the Whitewash Waiver
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a business day is a day on which the Stock Exchange is open for the transaction of business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	AustAsia Group Ltd., a company incorporated under the laws of Singapore with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2425)
“Concert Parties”	the parties acting, or presumed to be acting, in concert with the Controlling Shareholders, including Japfa Ltd, TAN Yong Nang, Edgar Dowse COLLINS, YANG Ku and GAO Lina
“Constitution”	the constitution of the Company, as amended, modified and altered from time to time

DEFINITIONS

“Controlling Shareholders”	has the meaning given to it in the Listing Rules and refers to the group of Controlling Shareholders comprising Mr. Renaldo SANTOSA, Rangi Management Limited, Tasburgh Limited and Tallowe Services Inc. who directly hold Shares, and Ms. Gabriella SANTOSA, the Scuderia Trust, Highvern Trustees Limited (as trustee of the Scuderia Trust), Magnus Nominees Limited (as bare trustee for Highvern Trustees Limited (as trustee of the Scuderia Trust)), Fidelis Nominees Limited (as bare trustee for Highvern Trustees Limited (as trustee of the Scuderia Trust)) and Fusion Investment Holdings Limited
“Director(s)”	director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders to apply for Rights Shares in excess of their provisional entitlements under the Rights Issue
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the EGM Resolutions
“EGM Resolutions”	resolutions approving (i) the Rights Issue by more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM, as required under the Hong Kong Takeovers Code, and (ii) the Whitewash Waiver by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM
“Excess Rights Share(s)”	any Rights Share(s) provisionally allotted but not subscribed for prior to the Latest Time for Acceptance, any entitlements not provisionally allotted to any Non-Qualifying Shareholders, and any Rights Shares created from the aggregation of fractions
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegate(s)

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“Extreme Conditions”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Share Registrar”	Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
“Hong Kong Takeovers Code”	the Code on Takeovers and Mergers published by the SFC
“Independent Board Committee”	the independent board committee of the Company, comprising (1) all the independent non-executive Directors, Mr. SUN Patrick (Chairman), Mr. CHANG Pan, Peter and Mr. LI Shengli, and (2) Mr. Tamotsu MATSUI, being the non-executive Director who does not have any interest nor is presumed to be acting in concert with the Controlling Shareholders, which is formed in accordance with the Hong Kong Takeovers Code to advise the Independent Shareholders in respect of the EGM Resolutions
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, the Hong Kong independent financial adviser appointed by the Company with the approval of the Independent Board Committee to advise the Independent Board Committee in relation to the EGM Resolutions

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“Independent Shareholder(s)”	the Shareholder(s) other than (i) the Controlling Shareholders and Concert Parties, being Japfa Ltd, TAN Yong Nang, Edgar Dowse COLLINS, YANG Ku and GAO Lina and (ii) the Shareholders who are involved in or interested in the Rights Issue and/or the Whitewash Waiver
“Irrevocable Undertaking”	the irrevocable undertaking given by certain Controlling Shareholders, namely, (i) Mr. Renaldo SANTOSA; (ii) Ms. Gabriella SANTOSA; (iii) Highvern Trustees Limited (as trustee of the Scuderia Trust); (iv) Rangi Management Limited (on behalf of itself only and not for Japfa Ltd); (v) Tasburgh Limited; and (vi) Tallowe Services Inc. Pursuant to the Irrevocable Undertaking, 1) the Shares of the abovementioned Controlling Shareholders will continue to be held by each of Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc. and Mr. Renaldo SANTOSA on the Record Date; 2) each of them will accept their respective entitlements to the provisional allotment of an aggregate of 99,054,014 Rights Shares; and 3) each of them shall not sell or transfer their respective Shares before the completion or lapse of the Rights Issue
“Last Trading Day”	Wednesday, 16 April 2025, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	Monday, 2 June 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Monday, 28 July 2025 (or such other time and date as the Company may determine), being the latest time and date for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Board considers necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s), other than Shareholder(s) whose addresses are in Singapore, whose name(s) appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their provisional entitlements under the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus (including any supplementary prospectus, if any) to be delivered to the Qualifying Shareholders (and the Non-Qualifying Shareholder(s) for information purpose only) in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear on the register of members of the Company at the close of business on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Thursday, 10 July 2025, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Relevant Period”	the period commencing six months prior to the date of the Announcement (i.e., 16 October 2024) and ending on the Latest Practicable Date

DEFINITIONS

“Rights Issue”	the proposed issue of new Shares by way of rights on the basis of two (2) Rights Shares for every five (5) existing Shares held at the close of business on the Record Date at the Subscription Price
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue
“RMB”	Renminbi yuan, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGX-ST”	Singapore Exchange Securities Trading Limited
“Share(s)”	fully paid ordinary share(s) in the share capital of the Company
“Share Registrar”	the Hong Kong share registrar of the Company from time to time
“Shareholder(s)”	holder(s) of Shares
“SIC”	the Securities Industry Council of Singapore
“Singapore”	the Republic of Singapore
“Singapore Companies Act”	the Companies Act 1967 of Singapore, as amended, supplemented or otherwise modified from time to time
“Singapore Rule 14 Waiver”	the waiver of the obligation to make a mandatory offer under Rule 14 of the Singapore Takeover Code in respect of the Rights Issue
“Singapore Takeover Code”	The Singapore Code on Take-overs and Mergers
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$1.12 per Rights Share
“subsidiary(ies)”	has the meaning given to it under the Listing Rules

DEFINITIONS

“substantial shareholder(s)”	has the meaning given to it under the Listing Rules
“US\$”	US dollar, the lawful currency of the United States of America
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Takeovers Code to waive the obligation of the Controlling Shareholders to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Controlling Shareholders and Concert Parties as a result of the acceptance by Controlling Shareholders of the provisional allotment pursuant to the Irrevocable Undertaking and the allotment of excess Rights Shares, if any, in the event that the Rights Shares are not issued in full
“%”	per cent

Note: In this circular, the exchange rates of US\$1 to HK\$7.8 and RMB1 to HK\$1.08 have been used for reference only.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled.

The expected timetable for the Rights Issue is set out below:

Latest time for lodging transfer of Shares to qualify for attending and voting at the EGM	Friday, 20 June 2025 at 4:30 p.m.
Closure of register of members for determining entitlements to attend and vote at the EGM (both days inclusive)	Monday, 23 June 2025 to Friday, 27 June 2025
Latest date and time for lodging forms of proxy for the purpose of the EGM	Wednesday, 25 June 2025 at 3:00 p.m.
Record date for attendance and voting at the EGM	Friday, 27 June 2025
Date and time of the EGM	Friday, 27 June 2025 at 3:00 p.m.
Announcement of poll results of the EGM	Friday, 27 June 2025
Last day of dealings in Shares on a cum-rights basis	Monday, 30 June 2025
First day of dealings in Shares on an ex-rights basis	Wednesday, 2 July 2025
Latest time for lodging transfers of Shares to qualify for the Rights Issue	Thursday, 3 July 2025 at 4:30 p.m.
Closure of register of members for determining entitlements under the Rights Issue (both days inclusive)	Friday, 4 July 2025 to Thursday, 10 July 2025
Record Date for determining entitlements to the Rights Issue	Thursday, 10 July 2025
Register of members of the Company re-opens	Friday, 11 July 2025
Despatch of the Prospectus Documents	On or before Monday, 14 July 2025
First day of dealings in nil-paid Rights Shares	Wednesday, 16 July 2025
Latest time for splitting of PALs	Friday, 18 July 2025 at 4:30 p.m.
Last day of dealings in nil-paid Rights Shares	Wednesday, 23 July 2025

EXPECTED TIMETABLE

**Latest Time for Acceptance of and payment for
Rights Shares and application and payment for**

Excess Rights SharesMonday, 28 July 2025
at 4:00 p.m.

Latest time for the Rights Issue to become unconditionalTuesday, 29 July 2025

Announcement of the results of the Rights IssueMonday, 4 August 2025

Despatch of refund cheques for wholly or partially
unsuccessful excess applications, if anyTuesday, 5 August 2025

Despatch of share certificates for fully-paid Rights SharesTuesday, 5 August 2025

Commencement of dealings in fully-paid Rights SharesWednesday, 6 August 2025

All times and dates stated above refer to Hong Kong local times and dates. Dates specified above in the expected timetable or in other parts of this circular are indicative only and may be extended or varied by the Company. If there is any change to the above expected timetable, announcement(s) will be made by the Company as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will not take place if there is a tropical cyclone warning signal no. 8 or above, Extreme Condition, or a “black” rainstorm warning signal:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force at 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m. in Hong Kong.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the paragraph headed “Expected Timetable” above may be affected. The Company will notify the Shareholders by way of announcement of any change to the timetable as soon as practicable.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE DATE OF EGM

If there is a tropical cyclone warning signal no. 8 or above, Extreme Condition, or a “black” rainstorm warning signal:

- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force at 12:00 noon and/or thereafter on the date of EGM, the EGM will remain on the same date; or
- (b) in force in Hong Kong at any local time at 12:00 noon and/or thereafter on the date of EGM, the EGM will be rescheduled to the following Business Day which does not have any of those warnings or conditions in force in Hong Kong at any time at 12:00 noon and/or thereafter or such other day as the Executive may approve in accordance with the Hong Kong Takeovers Code.

If the EGM does not take place on the currently scheduled date, the dates mentioned in the paragraph headed “Expected Timetable” above may be affected. The Company will notify the Shareholders by way of announcement of any change to the timetable as soon as practicable.

LETTER FROM THE BOARD



(Incorporated in the Republic of Singapore with limited liability)
(Stock Code: 2425)

Executive Directors

Mr. TAN Yong Nang
Mr. Edgar Dowse COLLINS
Mr. YANG Ku

Headquarter and Registered Office

400 Orchard Road
#15-08, Orchard Towers
Singapore 238875

Non-executive Directors

Ms. GAO Lina
Mr. Tamotsu MATSUI
Ms. Gabriella SANTOSA

Principal Place of Business in Hong Kong

46th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Independent Non-executive Directors

Mr. SUN Patrick
Mr. CHANG Pan, Peter
Mr. LI Shengli

Principal Place of Business in the PRC

No. 10, Yongguan Road
Yongan Town
Kenli District
Dongying City
Shandong Province
China

5 June 2025

To the Shareholder(s)

Dear Sir or Madam,

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE ON NON-UNDERWRITTEN BASIS;**
(2) APPLICATION FOR WHITEWASH WAIVER; AND
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Rights Issue and Whitewash Waiver. The purpose of this circular is to provide you with, among other things, (i) further information regarding the Rights Issue and the Whitewash Waiver, (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the EGM Resolutions, (iii) a letter from the Independent Financial Adviser to the Independent Board Committee in respect of the EGM Resolutions, and (iv) a notice of the EGM.

LETTER FROM THE BOARD

2. PROPOSED RIGHTS ISSUE

The Board proposes to implement the Rights Issue on the basis of two (2) Rights Shares for every five (5) existing Shares held at the close of the business on the Record Date. Set out below are the Rights Issue statistics.

Rights Issue Statistics

Basis of the Rights Issue	:	two (2) Rights Shares for every five (5) existing Shares held at the close of the business on the Record Date
Subscription Price	:	HK\$1.12 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	700,463,112 Shares
Total number of Rights Shares	:	Up to 280,185,244 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date)
Number of Rights Shares being undertaken by certain Controlling Shareholders	:	As at the Latest Practicable Date, the Board had received the Irrevocable Undertaking given by certain Controlling Shareholders, namely, (i) Mr. Renaldo SANTOSA; (ii) Ms. Gabriella SANTOSA; (iii) Highvern Trustees Limited (as trustee of the Scuderia Trust); (iv) Rangi Management Limited; (v) Tasburgh Limited; and (vi) Tallowe Services Inc. Pursuant to the Irrevocable Undertaking, (1) the Shares of the abovementioned Controlling Shareholders will continue to be held by each of Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc. and Mr. Renaldo SANTOSA on the Record Date; (2) each of them will accept their respective entitlements to the provisional allotment of an aggregate of 99,054,014 Rights Shares; and (3) each of them shall not sell or transfer their respective Shares before the completion or lapse of the Rights Issue. For the avoidance of doubt, Rangi Management Limited made the Irrevocable Undertaking only on behalf of itself and the Shares held by itself and not for Japfa Ltd, a Company listed on the Mainboard of the SGX-ST nor the 12,536,038 Shares held by Japfa Ltd in which Rangi Management Limited is deemed to be interested. Whether or not Japfa Ltd will take up any Rights Shares and/or Excess Rights Shares will be determined by its board of directors in due course
Gross proceeds to be raised from the Rights Issue	:	Up to approximately HK\$313.81 million

LETTER FROM THE BOARD

Assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date, the maximum number of 280,185,244 Rights Shares to be issued represents:

- (a) approximately 40% of the number of issued Shares (based on the Company's issued share capital as at the Latest Practicable Date); and
- (b) approximately 28.57% of the enlarged issued share capital of the Company immediately following the completion of the Rights Issue.

As at the Latest Practicable Date, the Company did not have any derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares. The Company also has no intention to issue or grant any convertible securities, options and/or warrants on or before the Record Date.

Subscription Price

The Subscription Price is HK\$1.12 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares. The Subscription Price represents:

- (a) a discount of approximately 30.00% to the closing price of HK\$1.60 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 29.11% to the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 29.11% to the average closing price of approximately HK\$1.58 per Share as quoted on the Stock Exchange for the five consecutive trading days preceding to the Last Trading Day;
- (d) a discount of approximately 27.27% to the average closing price of approximately HK\$1.54 per Share as quoted on the Stock Exchange for the ten consecutive trading days preceding to the Last Trading Day;
- (e) a discount of approximately 20.57% to the average closing price of approximately HK\$1.41 per Share as quoted on the Stock Exchange for the 30 consecutive trading days preceding to the Last Trading Day;
- (f) a discount of approximately 5.08% to the average closing price of approximately HK\$1.18 per Share as quoted on the Stock Exchange for the 90 consecutive trading days preceding to the Last Trading Day;
- (g) a discount of approximately 2.61% to the average closing price of approximately HK\$1.15 per Share as quoted on the Stock Exchange for the 180 consecutive trading days preceding to the Last Trading Day;

LETTER FROM THE BOARD

- (h) a discount of approximately 22.76% to the theoretical ex-rights price of approximately HK\$1.45 per Share based on the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (i) a discount of approximately 80.95% to latest published audited consolidated net asset value per Share as at 31 December 2024 of approximately RMB5.44 (equivalent to approximately HK\$5.88) (based on the net asset value attributable to the owners of the Company as at 31 December 2024 of approximately RMB3,807.5 million (equivalent to approximately HK\$4,112.1 million) as disclosed in the annual report of the Company for the year ended 31 December 2024 and 700,463,112 Shares in issue as at the Latest Practicable Date);
- (j) a discount of approximately 83.65% to unaudited net asset value per Share as at 30 June 2024 of approximately RMB6.34 (equivalent to approximately HK\$6.85) (based on the net asset value attributable to the owners of the Company as at 30 June 2024 of approximately RMB4,441.9 million (equivalent to approximately HK\$4,797.2 million) as set out in the interim report of the Company for the six months ended 30 June 2024 and 700,463,112 Shares in issue as at the Latest Practicable Date);
- (k) a discount of approximately 81.67% to latest published audited consolidated net asset value per Share as at 31 December 2024, adjusted for the revaluation surplus arising from the valuation of the Group's property interests as at 31 March 2025, of approximately RMB5.65 (equivalent to approximately HK\$6.11) (based on the net asset value attributable to the owners of the Company as at 31 December 2024 of approximately RMB3,807.5 million (equivalent to approximately HK\$4,112.1 million) as disclosed in the annual report of the Company for the year ended 31 December 2024, adjusted for the revaluation surplus of the Group's property interests as at 31 March 2025 of approximately RMB152.3 million (equivalent to approximately HK\$164.5 million), and 700,463,112 Shares in issue as at the Latest Practicable Date); and
- (l) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 8.23%, represented by a discount of the theoretical diluted price of approximately HK\$1.45 per Share to the benchmarked price of approximately HK\$1.58 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$1.58 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days preceding the Last Trading Day of approximately HK\$1.58).

The Subscription Price was determined with reference to the recent closing price of the Shares, the financial conditions of the Company, the current market conditions and the reasons and benefits of the Rights Issue as discussed in the paragraphs headed "Reasons for the Rights Issue and the Use of Proceeds" in this circular.

LETTER FROM THE BOARD

Net asset value of the Company adjusted for the revaluation of the Group's property interests

The net asset value attributable to the owners of the Company as at 31 December 2024 was approximately RMB3,807.5 million (equivalent to approximately HK\$4,112.1 million) as disclosed in the annual report of the Company for the year ended 31 December 2024. The revaluation surplus arising from the valuation of the Group's property interests as at 31 March 2025 was approximately RMB152.3 million (equivalent to approximately HK\$164.5 million). The adjusted net asset value attributable to the owners of the Company as at 31 December 2024, adjusted for the revaluation surplus of the Group's property interests was approximately RMB3,959.8 million (equivalent to approximately HK\$4,276.6 million).

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the resolution(s) in respect of the Rights Issue having been approved by more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM;
- (b) the resolution(s) in respect of the Whitewash Waiver having been approved by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM;
- (c) the submission to the Stock Exchange for authorisation and the registration with the Companies Registry in Hong Kong respectively the Prospectus Documents in compliance with the Listing Rules and the Companies (WUMP) Ordinance;
- (d) the Prospectus Documents having been made available to the Qualifying Shareholders, and the Prospectus having been made available to the Non-Qualifying Shareholders, if any, for information purpose only;
- (e) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Shares as well as the Rights Shares in nil-paid and fully-paid forms by no later than the Business Day prior to the first day of their dealings;
- (f) the Executive having granted (and such grant not having been withdrawn) the Whitewash Waiver to the Controlling Shareholders and the satisfaction of all conditions (if any) attached thereto; and
- (g) the SIC having granted (and such grant not having been withdrawn) the Singapore Rule 14 Waiver.

All conditions precedent set out above cannot be waived. If any of the above conditions precedent is not satisfied, the Rights Issue will not proceed. As at the Latest Practicable Date, none of the above conditions had been satisfied.

LETTER FROM THE BOARD

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an undersubscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly. There is no minimum subscription level or minimum amount to be raised under the Rights Issue as required under the laws of Singapore, which is the Company's jurisdiction of incorporation.

Basis of Provisional Allotment

The basis of provisional allotment of Rights Issue will be two (2) Rights Shares for every five (5) existing Shares held by the Qualifying Shareholders at the close of the business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotments should be made by completing a PAL (in accordance with the instructions printed thereon) and lodging the same with a remittance for the Rights Shares being applied for with the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Monday, 28 July 2025.

Qualifying Shareholders who take up their pro-rata assured entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder at the close of business on the Record Date.

In order to be registered as a member of the Company on the Record Date, all transfer documents for Shares (together with the relevant share certificate(s)) must be lodged for registration with the Hong Kong Share Registrar by no later than 4:30 p.m. on Thursday, 3 July 2025.

The last day for dealing in Shares on a cum-rights basis is Monday, 30 June 2025, and the Shares will be dealt with on an ex-rights basis starting from Wednesday, 2 July 2025.

LETTER FROM THE BOARD

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors of the Company should consult their professional advisers if they are in doubt.

Rights of Overseas Shareholders

Shareholders whose addresses are in Singapore will be considered Qualifying Shareholders. The offer of Rights Shares to Shareholders in Singapore will be made in reliance on the exemption under Section 273(1)(cd) of the Securities and Futures Act 2001 of Singapore. Accordingly, this circular and, inter alia, any other document or material in connection with the offer, or invitation for subscription, of the Rights Shares may not be distributed, nor may the Rights Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than the Shareholders.

Based on the register of members of the Company as at the Latest Practicable Date, there were a total of four Overseas Shareholders, whose registered addresses as shown in the register of members of the Company are outside Hong Kong and Singapore. The registered addresses of the four Overseas Shareholders are located in the PRC, which hold 202,088,519 Shares (representing approximately 28.85% of the total issued Shares).

The Prospectus will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. In order to allow Shareholders to participate in the Rights Issue, the Company is making enquiries regarding the feasibility of extending the Rights Issue to such Overseas Shareholders. If, based on the advice received from the relevant PRC legal advisers, the Board considers that it is necessary or expedient to exclude such Overseas Shareholders on account either of the legal restrictions under the laws of the PRC or the requirements of the relevant regulatory body or stock exchange in the PRC, the Rights Issue will not be made available to those Overseas Shareholders with addresses in the PRC (i.e., the Non-Qualifying Shareholders).

The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be made to the Non-Qualifying Shareholders and Non-Qualifying Shareholders will not be entitled to apply for Rights Shares. However, arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Rights Shares in their nil-paid form commence and before dealings in the Rights Shares in their nil-paid form end, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, will be paid pro rata (but rounded down to the nearest cent) to the Non-Qualifying Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit. For the avoidance of doubt, the Non-Qualifying Shareholders may vote at the EGM unless such person is not an Independent Shareholder (in which case they shall abstain).

LETTER FROM THE BOARD

Overseas Shareholders other than Shareholders whose addresses are in Singapore should note that they may or may not be entitled to participate in the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, the Overseas Shareholders other than Shareholders whose addresses are in Singapore should exercise caution when dealing in the Shares.

Fractional entitlement to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and rounded down to the nearest whole number. Any Rights Shares created from the aggregation of fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders as described in the section headed “Application for Excess Rights Shares” below.

Odd lot arrangement

No odd lot matching services will be provided by the Company in respect of the Rights Issue.

Application for Excess Rights Shares

The Company shall make the Excess Rights Shares available for subscription by the Qualifying Shareholders by means of EAF, and the Excess Rights Shares represent:

- (a) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (b) any Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders; and
- (c) any Rights Shares created from the aggregation of fractions of Rights Shares not provisionally allotted to the Qualifying Shareholders.

Application for Excess Rights Shares may be made by Qualifying Shareholders by completing an EAF (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the full amount payable for the Excess Rights Shares being applied for with the Hong Kong Share Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders who wish to apply for Excess Rights Shares in addition to their provisional allotments must complete both the PAL and the EAF.

LETTER FROM THE BOARD

Basis of allocation of Excess Rights Shares

The Company will allocate the Excess Rights Shares at its discretion on a fair and equitable basis as far as practicable on the following principles:

- (a) if there are insufficient Excess Rights Shares to satisfy all EAFs, Excess Rights Shares will be allocated to Qualifying Shareholders who have applied for excess application on a pro rata basis based on the number of Shares held by the Qualifying Shareholders on the Record Date;
- (b) reference will only be made to the number of Shares held by the Qualifying Shareholders on the Record Date, and no reference will be made to the Rights Shares comprised in applications by the PALs;
- (c) if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs, the Company will allocate to each Qualifying Shareholder who applies for Excess Rights Shares in full in accordance with the number of Excess Rights Shares applied for; and
- (d) no preference will be given to applications for topping up odd-lots to whole board lots.

Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for Excess Rights Shares made by any Controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for Excess Rights Shares to the extent that the total number of Excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlements to the Rights Shares.

The Company will also take steps to reject the part of the excess application of any Shareholder that will lead to a breach of the public float requirement pursuant to Rule 8.08 of the Listing Rules.

Shareholders whose Shares are held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the Excess Rights Shares will not be extended to beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Beneficial owners whose Shares are held by a nominee company (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the registration of their Shares in their own names prior to the Record Date.

LETTER FROM THE BOARD

The Irrevocable Undertaking

As at the Latest Practicable Date, the Board had received the Irrevocable Undertaking given by certain Controlling Shareholders¹, namely, (i) Mr. Renaldo SANTOSA; (ii) Ms. Gabriella SANTOSA; (iii) Highvern Trustees Limited (as trustee of the Scuderia Trust); (iv) Rangi Management Limited²; (v) Tasburgh Limited; and (vi) Tallowe Services Inc. Pursuant to the Irrevocable Undertaking, (1) the Shares of the abovementioned Controlling Shareholders will continue to be held by each of Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc. and Mr. Renaldo SANTOSA on the Record Date; (2) each of them will accept their respective entitlements to the provisional allotment of an aggregate of 99,054,014 Rights Shares; and (3) each of them shall not sell or transfer their respective Shares before the completion or lapse of the Rights Issue. For the avoidance of doubt, Rangi Management Limited made the Irrevocable Undertaking only on behalf of itself and the Shares held by itself and not for Japfa Ltd, a Company listed on the Mainboard of the SGX-ST nor the 12,536,038 Shares held by Japfa Ltd in which Rangi Management Limited is deemed to be interested. Whether or not Japfa Ltd will take up any Rights Shares and/or Excess Rights Shares will be determined by its board of directors in due course.

Other than the Irrevocable Undertaking from the above Controlling Shareholders, the Board did not receive any other information from any other substantial shareholders of their intention to take up the Rights Shares or Excess Rights Shares

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company the record dates of which fall on or after the date of issue of the fully-paid Rights Shares.

Application for the listing of the Rights Shares

The Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The board lot size of the nil-paid Rights Shares will be the same as that of the fully-paid Rights Shares, i.e. 1,000 Shares in one board lot.

1 The Controlling Shareholders who are in the position of giving an irrevocable undertaking have so given an undertaking. Rangi Management Limited holds 1,061,976,500 shares of Japfa Ltd, being 55.98% of Japfa Ltd's issued share capital. As Japfa Ltd is listed on the Mainboard of the SGX-ST and half of its board of directors are independent from the Controlling Shareholders, Japfa Ltd has not been approached to give, and has not given, any irrevocable undertaking.

2 On 4 December 2023, Rangi Management Limited pledged up to 212,395,300 Shares as security for term loan facilities granted to Rangi Management Limited and the abovementioned Controlling Shareholders have undertaken that they will not breach the terms of such pledge or the underlying facilities.

LETTER FROM THE BOARD

No securities of the Company in issue nor the Rights Shares for which listing or permission to deal in that is to be sought is or will be listed or dealt in on any other stock exchange.

Admission of Rights Shares into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms are expected to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders whose Shares are held through CCASS should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, subscribing, exercising, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out in this circular, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on Tuesday, 5 August 2025. Those entitled, except HKSCC Nominees Limited, and in the case of joint Qualifying Shareholders, the first-named Qualifying Shareholder, will receive one share certificate for all the Rights Shares in fully-paid form, allotted and issued thereto.

Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares (if any) are expected to be posted on Tuesday, 5 August 2025 by ordinary post to the applicants' registered address, at their own risk.

LETTER FROM THE BOARD

Effects on the shareholding structure of the Company

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) immediately after the completion of the Rights Issue assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date for illustrative purpose only:

Shareholder	As at the Latest Practicable Date		Immediately upon the completion of the Rights Issue (assuming full acceptance under the Rights Issue)		Immediately upon the completion of the Rights Issue (assuming no subscription by the Qualifying Shareholders (other than Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc., Mr. Renaldo SANTOSA and Japfa Ltd) under the Rights Issue)		Immediately upon the completion of the Rights Issue (assuming no subscription by the Qualifying Shareholders (other than Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc., Mr. Renaldo SANTOSA and Japfa Ltd) under the Rights Issue) and they have applied for and successfully been allotted the maximum excess Rights Shares	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹¹⁾	Number of Shares	% ⁽¹¹⁾	Number of Shares	% ⁽¹¹⁾
(a) Controlling Shareholders⁽²⁾								
Rangi Management Limited	212,395,300 ⁽³⁾⁽⁴⁾⁽⁵⁾	30.32	297,353,420	30.32	297,353,420	36.96	441,129,526	44.98
Tasburgh Limited	21,342,875 ⁽³⁾⁽⁴⁾⁽⁵⁾	3.05	29,880,025	3.05	29,880,025	3.71	44,327,593	4.52
Tallowe Services Inc.	13,540,000 ⁽⁶⁾	1.93	18,956,000	1.93	18,956,000	2.36	28,121,591	2.87
Renaldo SANTOSA	356,860 ⁽³⁾⁽⁶⁾⁽⁷⁾	0.05	499,604	0.05	499,604	0.05	741,172	0.08
(b) Parties presumed to be acting in concert with Controlling Shareholders (excluding certain Directors⁽⁶⁾)								
Japfa Ltd ⁽³⁾	12,536,038	1.79	17,550,453	1.79	17,550,453	2.18	26,036,435	2.66
Sub-total for Controlling Shareholders and Concert Parties (excluding certain Directors ⁽⁸⁾)	260,171,073	37.14	364,239,502	37.14	364,239,502	45.27	540,356,317	55.10
(c) Other parties presumed to be acting in concert with Controlling Shareholders								
TAN Yong Nang	28,031,111 ⁽⁸⁾⁽⁹⁾	4.00	39,243,555	4.00	28,031,111	3.48	28,031,111	2.86
Edgar Dowse COLLINS	8,124,060 ⁽⁸⁾	1.16	11,373,684	1.16	8,124,060	1.01	8,124,060	0.83
YANG Ku	3,010,000 ⁽⁸⁾	0.43	4,214,000	0.43	3,010,000	0.37	3,010,000	0.31
GAO Lina	135,000 ⁽⁸⁾	0.02	189,000	0.02	135,000	0.02	135,000	0.01
Sub-total for Controlling Shareholders and Concert Parties	29,471,244	42.75	41,259,741	42.75	403,539,673	50.15	579,656,488	59.11
(d) Meiji (China) Investment Company, Limited	155,451,785 ⁽¹⁰⁾	22.19	217,632,499	22.19	155,451,785	19.32	155,451,785	15.85
(e) Public Shareholders	245,540,083	35.05	343,756,116	35.05	245,540,083	30.52	245,540,083	25.04
Total	700,463,112	100.00	980,648,356	100.00	804,531,541	100.00	980,648,356	100.00

LETTER FROM THE BOARD

Notes:

- (1) The calculation is based on the total number of 700,463,112 issued Shares as at the Latest Practicable Date.
- (2) This includes only the Controlling Shareholders that directly hold Shares. Under Listing Rules, Controlling Shareholders also include Ms. Gabriella SANTOSA, the Scuderia Trust, Highvern Trustees Limited (as trustee of the Scuderia Trust), Magnus Nominees Limited (as bare trustee for Highvern Trustees Limited (as trustee of the Scuderia Trust)), Fidelis Nominees Limited (as bare trustee for Highvern Trustees Limited (as trustee of the Scuderia Trust)) and Fusion Investment Holdings Limited.
- (3) Rangi Management Limited is wholly owned by Fusion Investment Holdings Limited. Tasburgh Limited holds 21,342,875 Shares. The shares in each of Fusion Investment Holdings Limited and Tasburgh Limited are collectively held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Scuderia Trust, which is a reserved power discretionary trust. The Shares held by Rangi Management Limited and Tasburgh Limited are assets of the Scuderia Trust. Mr. Renaldo SANTOSA and Ms. Gabriella SANTOSA are appointed as the joint investment power holders of the Scuderia Trust. Under the terms of the Scuderia Trust, they are jointly entitled, as investment power holders, to direct the trustee of the Scuderia Trust, Highvern Trustees Limited, to procure to the best of its ability that the directors of Fusion Investment Holdings Limited and Tasburgh Limited act in accordance with his instructions in relation to the investments of the Scuderia Trust. By virtue of the SFO, each of Mr. Renaldo SANTOSA, Ms. Gabriella SANTOSA and Highvern Trustees Limited (as trustee of the Scuderia Trust) is deemed to be interested in the Shares held by Rangi Management Limited and Tasburgh Limited, and Fusion Investment Holdings Limited is deemed to be interested in the Shares held by Rangi Management Limited. Rangi Management Limited is also deemed interested in Japfa Ltd's direct holding of 12,536,038 Shares.
- (4) Highvern Trustees Limited is a professional trustee.
- (5) MNM Holdings Limited is the holding company of Highvern Trustees Limited, which has an interest in the Shares as trustee of the Scuderia Trust and the Capital Two Trust. MNM Holdings Limited is wholly owned by Martin John Hall and Naomi Julia Rive in equal shareholding proportions. By virtue of the SFO, each of MNM Holdings Limited, Martin John Hall and Naomi Julia Rive is deemed to be indirectly interested in the Shares that Highvern Trustees Limited is interested in.
- (6) Tallowe Services Inc. holds 13,540,000 Shares. Tallowe Services Inc. is wholly owned in equal shares by Magnus Nominees Limited as bare trustee for Mr. Renaldo SANTOSA and Fidelis Nominees Limited as bare trustee for Ms. Gabriella SANTOSA.
- (7) Mr. Renaldo SANTOSA holds 356,860 Shares through his client account with a financial institution.
- (8) These Directors are presumed to be acting in concert with the Controlling Shareholders under class (6) presumption under the definition of "acting in concert" pursuant to the Hong Kong Takeovers Code. This presumption will cease to apply after completion of the Rights Issue.
- (9) The Shares of Mr. TAN Yong Nang include (i) 17,431,111 Shares are held by Great Alpha Investments Limited, which is wholly-owned by Mr. TAN; and (ii) 10,600,000 Shares is held by Great Delta Investments Limited under a discretionary family trust whose trustee is Butterfield Trust (Asia) Limited. Mr. TAN is the investment manager of such trust.
- (10) Meiji (China) Investment Company, Limited, which is a subsidiary of Meiji Holdings Company Limited (a company listed on the Tokyo Stock Exchange), is presumed to be acting in concert with the Controlling Shareholders under class (1) presumption under the definition of "acting in concert" pursuant to the Hong Kong Takeovers Code. The Company has made an application for, and the Executive has granted, the rebuttal of the presumption that Meiji (China) Investment Company, Limited, which is a subsidiary of Meiji Holdings Company Limited (a company listed on the Tokyo Stock Exchange), and the Controlling Shareholders are persons acting in concert for purpose Hong Kong Takeovers Code within class (1) of the definition of "acting in concert".
- (11) The aggregate of the percentage figures in the above table may not add up to 100% due to rounding of the percentage figures to two decimal places.

LETTER FROM THE BOARD

Upon completion of the Rights Issue (assuming no subscription by the Qualifying Shareholders (other than Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc., Mr. Renaldo SANTOSA and Japfa Ltd) under the Rights Issue) and they have applied for and successfully been allotted the maximum excess Rights Shares, the public shareholders will hold approximately 25.04% of the issued share capital of the Company and the Company is able to fulfill the minimum public float requirement under Rule 8.08(1)(a) of the Listing Rules. In any event, the Company will take steps to reject the part of the excess application of any Shareholder that will lead to a breach of the public float requirement pursuant to Rule 8.08 of the Listing Rules.

Reasons for the Rights Issue and the Use of Proceeds

The Group is mainly engaged in the dairy farming business of producing and selling high-quality raw milk to dairy products manufacturers and processors, and beef cattle farming and fattening business. The Group provides raw milk to a diversified group of customers, including leading national and regional dairy product manufacturers and brands such as Mengniu, Bright Dairy, Meiji, New Hope Dairy, ClassyKiss and Honest Dairy. The Group is not reliant on its Controlling Shareholders as its customers. The Group provides its customers with a stable supply of high quality and traceable raw milk in large volumes.

The Group has two main business segments, namely raw milk business and beef cattle business. The Group also engages in sales of milk products under its own brand to wholesale customers. The Group also has a feed mill to produce feed materials for internal use as well as external customers.

For the year ended 31 December 2024, the Group recorded a revenue of approximately RMB3,683.8 million, representing a drop of 6.1% compared to the year ended 31 December 2023. This was mainly attributable the combined effect of:

- (i) a 17.0% decrease in the raw milk selling price and a 4.2% growth in the raw milk sales volume; and
- (ii) a 16.4% decrease in the beef cattle selling price and a 64.5% increase in the beef cattle sales volume.

The Group recorded a net loss of approximately RMB1,269.3 million for 2024, this was mainly attributable to the losses arising from changes in the fair value less costs to sell of other biological assets of RMB1,260.6 million. The significant losses were mainly due to decreases in both raw milk price and culling cattle price used in the assumption to derive the fair value of biological assets.

As at 31 December 2024, the Group had net current liabilities of approximately RMB1,252 million. The Group's total bank and other borrowings amounted to RMB3,498 million, of which RMB2,462 million will be due for repayment in 2025, while its cash and cash equivalents amounted to RMB282 million as at 31 December 2024.

LETTER FROM THE BOARD

In view of such circumstances, the Group explored various measures to improve the financial position and liquidity while balancing its business development.

Having considered other fund-raising alternatives available to the Group, such as bank borrowings, or equity financing such as placing or subscription of new Shares, or open offer, and taken into account the costs and benefits of each of the alternatives, the Directors are of the view that Rights Issue is the preferred means for the Group. Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to raising interest rates. Placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate and the funds to be raised by placing of new Shares under a general mandate would likely be less than that of the Rights Issue. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, unlike a rights issue, it does not allow free trading of rights entitlements in the open market which would allow Shareholders to have more flexibility in dealing with the Shares and the nil-paid rights attaching thereto.

Rights Issue allows the Group to improve its financial position and enlarge its capital base to support the long-term development of the Group without subject to additional interest burden. In addition, Shareholders will be given an option to sell their nil-paid rights in the market if they do not intend to subscribe for the Rights Shares under the Rights Issue, as compared to an open offer. Having considered the above-mentioned, the Directors are of the view that the Rights Issue is the most viable method for fund raising and the net proceeds of the Rights Issue will strengthen the Group's financial resilience.

Assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full, (i) the gross proceeds of the Rights Issue will be up to approximately HK\$313.81 million, and (ii) the net proceeds from the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK\$5.00 million) are estimated to be approximately HK\$308.81 million. The net price per Rights Share (after deduction of estimated professional fees and other related expenses) is estimated to be approximately HK\$1.10. Pursuant to the Irrevocable Undertaking given by certain Controlling Shareholders, the minimum amount to be raised under the Rights Issue is expected to be approximately HK\$110.94 million.

The estimated expenses in relation to the Rights Issue, including financial, legal and other professional expenses, are estimated to be approximately HK\$5 million and will be borne by the Company. The estimated net proceeds of the Rights Issue will be approximately HK\$308.81 million after the deduction of all estimated expenses (based on the number of Shares in issue as at the Latest Practicable Date and assuming that no new Shares have been allotted or issued on or before the Record Date).

LETTER FROM THE BOARD

The Board currently intends to use the maximum net proceeds of the Rights Issue in the following manner:

- (i) about 63.15% of the net proceeds (approximately HK\$195 million which is equivalent to approximately US\$25 million) to fully repay a short-term loan facility of US\$25 million with a financial institution for the purpose of providing working capital for the Group. The loan facility was utilised on 27 February 2025 and is due on 26 August 2025, with an option to extend for a further three months, which is subject to the lender's sole discretion. The proceeds of the loan facility have been used to provide short-term liquidity to the Group's farm operations in Mainland China;
- (ii) about 27.37% of the net proceeds (approximately HK\$84.53 million which is equivalent to approximately RMB79.46 million) to be used for the repayment of onshore working capital facilities and interests with a financial institution in Mainland China. Such loan facilities were utilized on 17 January 2025 and were used as working capital in our dairy farms located in Shandong and Inner-Mongolia of Mainland China. The due date of the loan facilities is on 17 July 2025; and
- (iii) the remaining 9.48% of the net proceeds (approximately HK\$29.28 million) to be used for the Group's general working capital purposes, including, but not limited to, normal feed material procurement, purchase of silages and other working capital needs.

In the case that the Rights Issue is not fully subscribed and the estimated net proceeds from the Rights Issue are less than HK\$308.81 million, the Group will use the net proceeds to repay the loan facility of US\$25 million first, then to repay the onshore working capital facilities before applying the remaining net proceeds on other general working capital purposes. In the case that the Rights Issue is not fully subscribed and the estimated net proceeds from the Rights Issue are less than HK\$279.53 million, the Group will use its internal cash resources to supplement the repayment of the loan facilities listed above.

The Board has considered fund-raising alternatives in addition to the proposed Rights Issue, including but not limited to debt financing such as bank borrowings, and equity financing such as placing, subscription of new Shares or open offer. In respect of debt financing, taking into account the Group's high gearing ratio and financial costs, the Board considered it would result in additional interest burden and finance cost of the Group. In respect of equity financing such as placing and subscription of new Shares, taking into account that (i) it is relatively smaller in scale as compared to fund that can be raised through rights issue; and (ii) it would lead to immediate dilution in the shareholding interests of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company, it was not considered by the Board to be the most suitable fund-raising method for the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, unlike a rights issue, it does not allow free trading of rights entitlements in the open market which would allow Shareholders to have more flexibility in dealing with the Shares and the nil-paid rights attaching thereto.

LETTER FROM THE BOARD

The proposed Rights Issue will enable the Group to improve its liquidity position to support its business operations and development, without incurring additional debt financing costs and efforts in dealing with banks. Furthermore, the Rights Issue will offer Qualifying Shareholders equal opportunities to subscribe for their respective provisional entitlements to the Rights Shares and therefore avoid dilution of their interests in the Company. All Qualifying Shareholders will also be offered a chance to increase further their shareholdings in the Company through excess applications. The Directors (excluding the members in the Independent Board Committee, who reserve their views pending receipt of advice from the Independent Financial Adviser) are therefore of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

The Directors believe that the Rights Issue is in the interests of the Group and the Shareholders as a whole, for the reasons set out above

Qualifying Shareholders who take up their pro-rata assured entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Information on the Group and the Controlling Shareholders

The Company is a company incorporated under the laws of Singapore with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2425). The Group is principally engaged in the raw milk, beef cattle and ancillary businesses. The Group's operation includes dairy cow breeding and farming, raw milk production, and sales of raw milk, beef cattle breeding and farming, sales of beef cattle.

The Controlling Shareholders comprise of Mr. Renaldo SANTOSA, Ms. Gabriella SANTOSA, the Scuderia Trust, Highvern Trustees Limited (as trustee of the Scuderia Trust), Magnus Nominees Limited (as bare trustee for Highvern Trustees Limited (as trustee of the Scuderia Trust)), Fidelis Nominees Limited (as bare trustee for Highvern Trustees Limited (as trustee of the Scuderia Trust)), Fusion Investment Holdings Limited, Rangi Management Limited, Tasburgh Limited and Tallowe Services Inc. Set out below is the shareholding structure of the Controlling Shareholders as at the Latest Practicable Date. Please refer to the paragraph headed "Effects on the Shareholding Structure of the Company" above for details of the Controlling Shareholders.

Mr. Renaldo SANTOSA was appointed as an alternate director of Japfa Ltd from April 2021 to September 2022, before being appointed as an executive director from December 2022. He was last re-elected on 18 April 2024. Mr. Renaldo SANTOSA is also President Director of Japfa Ltd's subsidiary PT Japfa Comfeed Indonesia Tbk since April 2023 and concurrently holds the position of Head of Strategic Projects at Japfa Ltd, responsible for identifying and developing strategic projects for the group of Japfa Ltd and ensuring that the projects are aligned with its strategic directions and objectives.

LETTER FROM THE BOARD

Upon his graduation in 2011, Mr. Renaldo SANTOSA started his career with Japfa Ltd as a Business Development Executive. He was promoted to the position of Head of Business Development & Strategy in 2017 and to his current role in 2022. In 2022, he was also appointed as a Director in Annona Pte Ltd, a subsidiary of Japfa Ltd.

Mr. Renaldo SANTOSA obtained a Bachelor of Science (Second Class Honours) in Food Science with Business from the University of Reading, United Kingdom, in 2011.

Ms. Gabriella SANTOSA is the Head of Business Development & Strategy at Japfa Ltd. In March 2024, she was also appointed Head of Projects – President Director’s Office, at PT Japfa Comfeed Indonesia Tbk, where she oversees strategic planning, policy development, and key expansion initiatives aligned with Japfa Ltd’s long-term direction.

In this role, Ms. Gabriella SANTOSA leads cross-divisional projects to enhance organisational agility, efficiency, and productivity. She designs and implements strategic roadmaps and action plans, driving transformation across multiple functions, ensuring seamless execution of strategic initiatives, and bridging the gap between vision and implementation. She also drives operational efficiency and innovation from digital and biological technological solutions, and manages their introduction across the protein sectors and countries where Japfa Ltd operates to streamline processes or grow existing businesses.

In her role as Deputy Head of the Animal Health and Livestock Equipment business unit of Japfa Ltd from 2017, she has introduced systemic improvements in operations and doubled earnings over five years, with the expansion products into new species, markets and technologies and the introduction of new data and digital solutions

She holds a Bachelor of Science in Biochemistry with a Year in Industry from Imperial College London, and is also listed in ‘Forbes 30 under 30’ as a co-founder and CSO at Puraffinity, a deep tech start-up borne of her undergraduate research that addresses the removal of a stubborn micropollutant called PFAS from fire-foam waste and polluted groundwater. This venture also earned her recognition as a 2016 finalist for the Innovate UK ‘Women in Innovation’ grant.

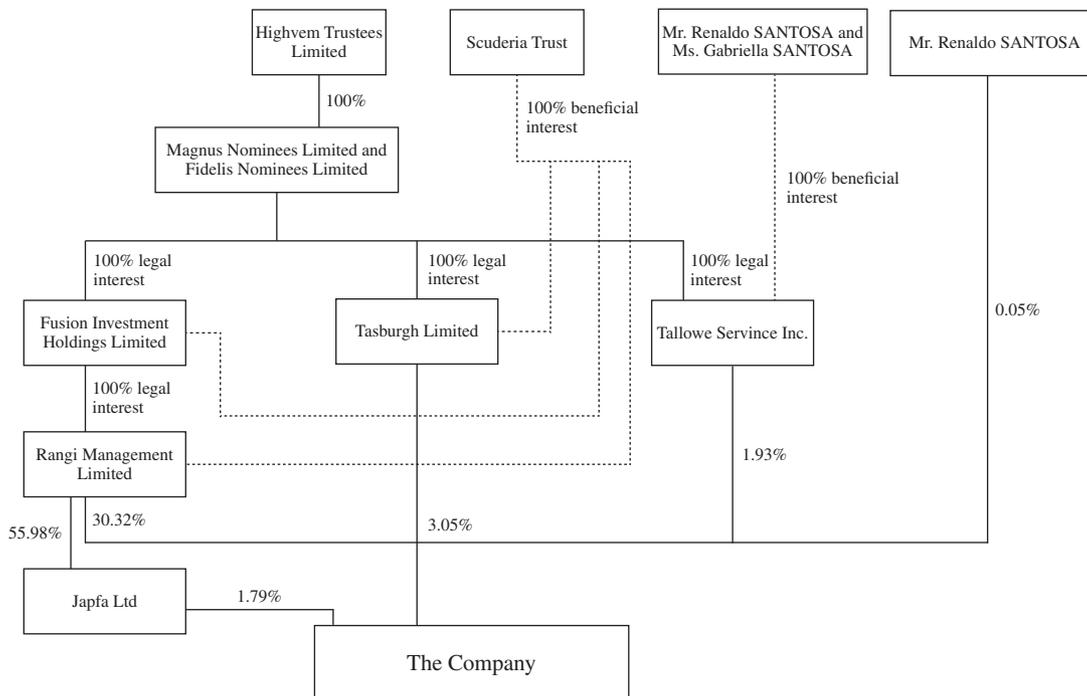
The entire issued and paid-up capital of Rangi Management Limited is held by Fusion Investment Holdings. The shares in each of Fusion Investment Holdings Limited and Tasburgh Limited are collectively held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Scuderia Trust.

Highvern Trustees Limited is the trustee of the Scuderia Trust which is a reserved power discretionary trust. The Shares held by Rangi Management Limited and Tasburgh Limited are assets of the Scuderia Trust. The beneficiaries of the Scuderia Trust are Farida Gustimego SANTOSA, her children (Renaldo SANTOSA, Gabriella SANTOSA, Mikael SANTOSA and Raffaella SANTOSA) and remoter issue. Renaldo SANTOSA and Gabriella SANTOSA have been appointed as the joint investment power holders of the Scuderia Trust. Under the terms of the Scuderia Trust, they are jointly entitled, as investment power holders, to direct the

LETTER FROM THE BOARD

trustee of the Scuderia Trust to procure to the best of its ability that the directors of Fusion Investment Holdings Limited and Tasburgh Limited act in accordance with their instructions in relation to the investments of the Scuderia Trust. As the sole shareholder of Rangi Management Limited, Fusion Investment Holdings Limited is entitled to determine the composition of the board of directors of Rangi Management Limited. Accordingly, Renaldo SANTOSA and Gabriella SANTOSA can jointly control the exercise of the rights of the shares held by Fusion Investment Holdings Limited in Rangi Management Limited and through the board of directors appointed by Fusion Investment Holdings Limited, control the exercise of the rights of the Shares held by Rangi Management Limited under the Scuderia Trust.

Tallowe Services Inc. is wholly owned in equal shares by Magnus Nominees Limited as bare trustee for Renaldo SANTOSA and Fidelis Nominees Limited as bare trustee for Gabriella SANTOSA.



Dealings and interests of Controlling Shareholders and Concert Parties in the securities of the Company

As at the Latest Practicable Date, neither of the Controlling Shareholders nor any Concert Parties:

- (a) save for the Shares as set out in the section headed “Effects on the Shareholding Structure of the Company” above, owned, controlled or had discretion over any Shares and right over Shares, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Hong Kong Takeovers Code) in the Company;

LETTER FROM THE BOARD

- (b) had received any other irrevocable commitment to vote for or against the EGM Resolutions;
- (c) had borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Hong Kong Takeovers Code) in the Company;
- (d) save for the Irrevocable Undertaking given by certain Controlling Shareholders, namely, (i) Mr. Renaldo SANTOSA, (ii) Ms. Gabriella SANTOSA, (iii) Highvern Trustees Limited (as trustee of the Scuderia Trust), (iv) Rangi Management Limited, (v) Tasburgh Limited, and (vi) Tallowe Services Inc. as set out in the section headed “The Irrevocable Undertaking” above, had any arrangements referred to in Note 8 to Rule 22 of the Hong Kong Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Hong Kong Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Whitewash Waiver, with any other persons;
- (e) save that the Rights Issue is conditional upon the conditions set out in the section headed “Conditions of the Rights Issue” above and the Irrevocable Undertaking, had any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and/or the Whitewash Waiver;
- (f) had dealt in any relevant securities of the Company (as defined in Note 4 to Rule 22 of the Hong Kong Takeovers Code) in the Relevant Period; or
- (g) had entered into any derivative in respect of the securities in the Company which are outstanding.

As at the Latest Practicable Date:

- (a) the Company had not paid and will not pay any other consideration, compensation or benefit in whatever form to the Controlling Shareholders and any Concert Parties in relation with the Rights Issue;
- (b) save for the Subscription Price, there was no other consideration, compensation, or benefit in whatever form paid or to be paid by the Controlling Shareholders and any Concert Parties in relation with the Rights Issue;
- (c) apart from the Irrevocable Undertaking, there was no other understanding, arrangement or special deal (as defined under Rule 25 of the Hong Kong Takeovers Code) between the Group on the one hand, and the Controlling Shareholders and any Concert Parties on the other hand; and

LETTER FROM THE BOARD

- (d) apart from the Irrevocable Undertaking, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Hong Kong Takeovers Code) between (i) any Shareholders, and (ii) (a) the Controlling Shareholders or any Concert Parties, or (b) the Company, its subsidiaries or associated companies.

Material uncertainty related to going concern

Ernst & Young is the auditor of the Company. No modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the Company's auditors' report for the two financial years ended 31 December 2022 and 2023. Material uncertainty related to going concern was contained in the Company's auditors' report for the year ended 31 December 2024, which refers to the fact that the Group had net current liabilities of approximately RMB1,252 million and the Group's total bank borrowings amounted to RMB3,498 million, of which RMB2,462 million will be due for repayment within one year from 31 December 2024, while its cash and cash equivalents amounted to RMB282 million. The Group incurred a net loss of RMB1,269 million for the year ended 31 December 2024. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements as contained in the annual report of the Company for the year ended 31 December 2024 ("**Note 2.1**"), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to discharge all of its liabilities in the normal course of business if no refinancing of borrowings as they fall due. As disclosed in the annual report of the Company for the year ended 31 December 2024, certain measures have been and are being taken by the directors of the Company to improve the Group's liquidity and financial position. For details, please refer to Note 2.1. The Company's auditors' opinion is not modified in respect of this matter.

As stated in the section headed "Reasons for the Rights Issue and the Use of Proceeds", the Rights Issue allow the Group to improve its financial position and enlarge its capital base to support the long-term development of the Group without subject to additional interest burden.

Fund Raising Activities in the Past 12 Months

The Company had not conducted any equity fund raising activities in the past 12 months immediately before the Latest Practicable Date.

Closure of Register of Members of the Company

The register of members of the Company will be closed from Friday, 4 July 2025 to Thursday, 10 July 2025 (both days inclusive) for the purpose of determining the entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

LETTER FROM THE BOARD

Intentions of the Controlling Shareholders

The Controlling Shareholders intend that the existing business of the Company will continue. The Controlling Shareholders do not intend to introduce any major changes to the existing operations and businesses of the Company (including any redeployment of the fixed assets of the Company). As at the Latest Practicable Date, the Controlling Shareholders had no intention to make any major changes to the continued employment of the existing employees of the Group.

Listing Rules Implications

As (i) the Company had not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the Latest Practicable Date; and (ii) the Rights Issue will not increase either the total number of issued Shares (excluding treasury shares) or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to minority shareholders' approval requirement under Chapter 7 of the Listing Rules.

The Rights Issue will not result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

Hong Kong Takeovers Code and Singapore Takeover Code Implications

As at the Latest Practicable Date, assuming (i) there was no change in the number of issued Shares from the Latest Practicable Date up to and including the Record Date; and (ii) no Qualifying Shareholders accepted any Rights Shares provisionally allotted to them other than that (1) Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc. and Mr. Renaldo SANTOSA have accepted all 99,054,014 Rights Shares pursuant to the Irrevocable Undertaking and (2) Japfa Ltd³ has accepted its entitlement to the provisional allotment of 5,014,415 Rights Shares, the shareholding interest of the Controlling Shareholders and Japfa Ltd will increase from approximately 37.14% to 45.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares upon completion of the Rights Issue, and the aggregate shareholding interest of the Controlling Shareholders and Concert Parties⁴ will increase from approximately 42.75% to 50.15% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares upon completion of the Rights Issue.

3 For the avoidance of doubt, Japfa Ltd is presumed to be a party acting in concert with the Controlling Shareholders. Please also refer to footnote 1 above and note 3 under section headed "Effects on the shareholding structure of the Company" below.

4 For the avoidance of doubt, the Directors who are also Shareholders are presumed to be acting in concert with the Controlling Shareholders for purposes of the Rights Issue and such presumption will cease to apply upon completion of the Rights Issue. Please also refer to note 8 under section headed "Effects on the shareholding structure of the Company" below.

LETTER FROM THE BOARD

For illustrative purposes only, based on the aforesaid assumptions and assuming that the Controlling Shareholders, Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc., and Japfa Ltd have applied for and successfully been allotted the maximum excess Rights Shares allowed pursuant to Rule 7.21(3)(b) of the Listing Rules, being 176,116,815 Rights Shares, the maximum potential shareholding interest of the Controlling Shareholders and Japfa Ltd will increase from approximately 37.14% to 55.10% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares upon completion of the Rights Issue, and the maximum potential aggregate shareholding interest of the Controlling Shareholders and Concert Parties will increase from approximately 42.75% to 59.11% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares upon completion of the Rights Issue.

In such circumstance, the acceptance in full by the Controlling Shareholders and Concert Parties of the provisional allotment of Rights Shares to him pursuant to the Irrevocable Undertaking or otherwise, and the allotment of excess Rights Shares, if any, will trigger an obligation to make a mandatory general offer under Rule 26 of the Hong Kong Takeovers Code and Rule 14 of the Singapore Takeover Code for all the Shares not already owned or agreed to be acquired by the Controlling Shareholders and any Concert Parties, unless the Whitewash Waiver is granted by the Executive and the Singapore Rule 14 Waiver is granted by the SIC.

Whitewash Waiver Application

An application has been made by the Controlling Shareholders to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Takeovers Code. The Whitewash Waiver if granted by the Executive, would be subject to, among other things, the passing of the EGM Resolutions, i.e., resolutions approving (i) the Rights Issue by more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM, as required under the Hong Kong Takeovers Code; and (ii) the Whitewash Waiver by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM. Shareholders other than Independent Shareholders shall abstain from voting on the EGM Resolutions at the EGM.

Singapore Rule 14 Waiver Application

A similar application has also been made to the SIC for a waiver of the obligation to make a mandatory general offer under Rule 14 of the Singapore Takeover Code in respect of the Rights Issue.

Shareholders and potential investors should be aware that there is a possibility that, upon completion of the Rights Issue, the Controlling Shareholders and Concert Parties may hold more than 50% of the voting rights of the Company. If so, the Controlling Shareholders and Concert Parties may increase their holdings of voting rights of the Company without incurring any further obligation under Rule 26 of the Hong Kong Takeovers Code and Rule 14 of the Singapore Takeover Code to make a general offer after the completion of the Rights Issue.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company did not believe that the Rights Issue and the Whitewash Waiver give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue or the Whitewash Waiver does not comply with other applicable rules and regulations.

INDEPENDENT BOARD COMMITTEE

The Company has established the Independent Board Committee, comprising (1) all the independent non-executive Directors, Mr. SUN Patrick (Chairman), Mr. CHANG Pan, Peter and Mr. LI Shengli, and (2) Mr. Tamotsu MATSUI, being the non-executive Director who does not have any interest nor is presumed to be acting in concert with the Controlling Shareholders, to advise the Independent Shareholders in respect of the EGM Resolutions. As (i) Ms. Gabriella SANTOSA, being a non-executive Director, is one of the Controlling Shareholders, and (ii) Ms. GAO Lina, being a non-executive Director, holds 135,000 Shares and is presumed to be acting in concert with the Controlling Shareholders under class (6) presumption under the definition of “acting in concert” pursuant to the Hong Kong Takeovers Code, they will not be members of the Independent Board Committee.

INDEPENDENT FINANCIAL ADVISER

With the approval of the Independent Board Committee, Altus Capital Limited has been appointed as an Independent Financial Adviser to advise the Independent Board Committee in relation to the EGM Resolutions. Your attention is drawn to the letter from the Independent Financial Adviser set out on pages IFA-1 to IFA-50 of this circular which contains its recommendation to the Independent Board Committee and Independent Shareholders in respect of the EGM Resolutions.

NOTICE OF EGM AND RESTRICTIONS ON VOTING

Set out on pages EGM-1 to EGM-4 of this circular is a notice convening the EGM to consider and, if appropriate, to approve the EGM Resolutions, i.e., resolutions approving (i) the Rights Issue by more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM, as required under the Hong Kong Takeovers Code; and (ii) the Whitewash Waiver by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM.

As at the Latest Practicable Date, (i) the Controlling Shareholders were deemed to be interested in an aggregate of 260,171,073 Shares, representing approximately 37.14% of the issued share capital of the Company; and (ii) Mr. TAN Yong Nang, Mr. Edgar Dowse COLLINS, Mr. YANG Ku and Ms. GAO Lina, being Directors who are presumed to be acting in concert with the Controlling Shareholders under class (6) presumption under the definition of “acting in concert” pursuant to the Hong Kong Takeovers Code, held an aggregate of

LETTER FROM THE BOARD

39,300,171 Shares, representing approximately 5.61% of the issued share capital of the Company. Accordingly, the Controlling Shareholders, Japfa Ltd, Mr. TAN Yong Nang, Mr. Edgar Dowse COLLINS, Mr. YANG Ku and Ms. GAO Lina shall abstain from voting on the EGM Resolutions.

Subject to, among other things, the Rights Issue and the Whitewash Waiver being approved at the EGM, the Prospectus Documents containing further information on the Rights Issue will be despatched to the Qualifying Shareholders and the Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

FORM OF PROXY

A form of proxy for use at the EGM is enclosed herewith. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk. Whether or not you are able to attend the EGM (or any adjournment thereof), you are requested to complete the form of proxy and return it in accordance with the instructions printed thereon to the Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (or any adjournment thereof). Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman of the general meeting, in good faith, decides to allow a resolution which relates purely to procedural or administrative matter to be voted by a show of hands. Accordingly, each of the resolutions put to vote at the EGM will be taken by way of poll.

On a poll, every Shareholder present in person or by proxy (or being a corporation by its duly authorized representative) shall have one vote for each Share registered in his/her/its name in the register of members of the Company. A Shareholder entitled to more than one vote need not use all his/her/its votes or cast all the votes he/she/it has in the same manner.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 23 June 2025 to Friday, 27 June 2025, both dates inclusive, during which period no transfer of Shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712 - 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 20 June 2025.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (excluding the members in the Independent Board Committee, whose recommendation is set out in the “Letter from the Independent Board Committee” at pages IBC-1 to IBC-2) consider that the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, the Directors (excluding the members in the Independent Board Committee, whose recommendation is set out in the “Letter from the Independent Board Committee” at pages IBC-1 to IBC-2) recommend the Independent Shareholders to vote in favour of the EGM Resolutions to be proposed at the EGM.

General

Your attention is also drawn to the appendices to this circular.

WARNING OF RISKS OF DEALING IN SHARES AND RIGHTS SHARES IN NIL-PAID FORM

The Rights Issue is conditional upon, among other things, the Executive having granted the Whitewash Waiver to the Controlling Shareholders, the SIC having granted the Singapore Rule 14 Waiver, the listing approval from the Stock Exchange in respect of the Rights Shares, and the Rights Issue and Whitewash Waiver being approved by more than 50% and at least 75%, respectively of the votes cast by the Independent Shareholders at the EGM. If the Whitewash Waiver and/or the Singapore Rule 14 Waiver is not granted and/or the approvals by the Independent Shareholders are not obtained, or if any other condition precedent under the Rights Issue is not fulfilled, the Rights Issue will not proceed. Accordingly, the Rights Issue may or may not proceed. Any Shareholders or potential investors contemplating selling or purchasing the Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled bear the risk that the Rights Issue may not become unconditional and may not proceed.

Shareholders and potential investors should be aware that there is a possibility that, upon completion of the Rights Issue, the Controlling Shareholders and Concert Parties may hold more than 50% of the voting rights of the Company. If so, the Controlling Shareholders and Concert Parties may increase their holdings of voting rights of the Company without incurring any further obligation under Rule 26 of the Hong Kong Takeovers Code to make a general offer after the completion of the Rights Issue.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

Yours faithfully,
By order of the Board
AustAsia Group Ltd.
Edgar Douse COLLINS
*Executive Director and Chief
Executive Officer*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a letter from the Independent Board Committee:



(Incorporated in the Republic of Singapore with limited liability)
(Stock Code: 2425)

5 June 2025

To the Independent Shareholder(s)

Dear Sir or Madam,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE ON NON-UNDERWRITTEN BASIS; AND
(2) APPLICATION FOR WHITEWASH WAIVER**

We refer to the circular of the Company dated 5 June 2025 (the “**Circular**”) to the Shareholders, of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as the members of the Independent Board Committee to consider and advise the Independent Shareholders on whether the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned and to advise the Independent Shareholders on how to vote at the EGM after taking into account the recommendation of the Independent Financial Adviser.

Altus Capital Limited has been appointed as the Independent Financial Adviser with our approval to advise the Independent Board Committee in the same regard. The text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-50 of the Circular.

Your attention is also drawn the “Letter from the Board” and the “Letter from the Independent Financial Adviser” in the Circular and the additional information set out in the appendices thereto.

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into consideration, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser as set out in the “Letter from the Independent Financial Adviser” in the Circular, we concur with the view of the Independent Financial Adviser and consider that the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned.

Accordingly, we recommend the Independent Shareholders to vote in favour of the EGM Resolutions to be proposed at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee

**Mr. Tamotsu
MATSUI**

Non-executive Director

**Mr. CHANG Pan,
Peter**

Independent non-executive Directors

Mr. LI Shengli

Mr. SUN Patrick

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Altus Capital Limited, the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders in respect of the Rights Issue and the Whitewash Waiver, which has been prepared for the purpose of incorporation into this Circular.

ALTUS

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

5 June 2025

To the Independent Board Committee and Independent Shareholders

400 Orchard Road
#15-08 Orchard Towers
Singapore 238875

Dear Sir/Madam,

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARE
FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE
ON NON-UNDERWRITTEN BASIS;
(2) APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Whitewash Waiver in relation to the Rights Issue, details of which are set out in the “Letter from the Board” contained in the circular of the Company dated 5 June 2025 (the “**Circular**”). Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 16 April 2025, the Board proposed to implement the Rights Issue on the basis of two (2) Rights Shares for every five (5) existing Shares held on the Record Date at the Subscription Price of HK\$1.12 per Rights Share, to raise up to approximately HK\$313.81 million before expenses by way of issuing up to 280,185,244 Rights Shares.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event of an under-subscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly. There is no minimum subscription level or minimum amount to be raised under the Rights Issue as required under the laws of Singapore, which is the Company’s jurisdiction of incorporation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Listing Rules Implications

The Rights Issue is not subject to minority shareholders' approval requirement under Chapter 7 of the Listing Rules. This is because (i) the Company has not conducted any rights issue, open offer, or specific mandate placing within the 12-month period immediately preceding the Last Trading Date, and (ii) the Rights Issue will not increase either the total number of issued Shares (excluding treasury shares) or the market capitalisation of the Company by more than 50%. As such, the Rights Issue does not require minority shareholders' approval under Chapter 7 of the Listing Rules. Additionally, the theoretical dilution impact of the Rights Issue is below the 25% threshold under Rule 7.27B of the Listing Rules.

Takeovers Code Implications

However, as at the Latest Practicable Date, assuming (i) there is no change in the issued share capital of the Company from the Last Trading Date up to and including the Record Date, and (ii) no Qualifying Shareholders accept any Rights Shares provisionally allotted to them other than Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc., and Mr. Renaldo Santosa, who have undertaken to accept 99,054,014 Rights Shares under the Irrevocable Undertaking, and Japfa Ltd, which has accepted its entitlement to 5,014,415 Rights Shares, the shareholding interest of the Controlling Shareholders and Japfa Ltd will increase from approximately 37.14% to 45.27% of the enlarged issued share capital of the Company upon completion of the Rights Issue. The aggregate shareholding interest of the Controlling Shareholders and parties acting in concert, or presumed to be acting, with them will increase from approximately 42.75% to 50.15%.

For illustrative purposes, assuming that the Controlling Shareholders, Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc., and Japfa Ltd apply for and are allotted the maximum excess Rights Shares permitted under Rule 7.21(3)(b) of the Listing Rules, being 176,116,815 Rights Shares, the shareholding interest of the Controlling Shareholders and Japfa Ltd would further increase to 55.10%, and the aggregate shareholding interest of the Controlling Shareholders and parties acting in concert, or presumed to be acting, with them would further increase to 59.11% upon completion of the Rights Issue.

In this scenario, the acceptance in full by the Controlling Shareholders and/or parties acting in concert, or presumed to be acting, with them of their provisional allotment of Rights Shares, together with any excess Rights Shares they are allotted, would trigger an obligation under Rule 26 of the Hong Kong Takeovers Code to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them. This obligation would be waived only if the Whitewash Waiver is granted by the Executive and the Whitewash Waiver Resolutions is approved by the Independent Shareholders at the EGM. The Whitewash Waiver Resolutions, which include the approval of both the Rights Issue and the Whitewash Waiver, require (i) more than 50% of the independent votes cast by Independent Shareholders in favour of the Rights Issue, and (ii) at least 75% of the independent votes cast in favour of the Whitewash Waiver at the EGM. The Controlling Shareholders and their concert parties will abstain from voting on these resolutions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our role as the Independent Financial Adviser is to evaluate whether the Whitewash Waiver and the Rights Issue is fair and reasonable and in the best interests of the Independent Shareholders, taking into account, inter alia, the reasons for and effects of the Rights Issue, including potential dilution, and the terms of the Rights Issue.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising (i) all the independent non-executive Directors, Mr. SUN Patrick (Chairman), Mr. CHANG Pan, Peter and Mr. LI Shengli, and (ii) Mr. Tamotsu MATSUI, being the non-executive Director who does not have any interest nor presumed to be acting in concert with the Controlling Shareholders, to advise the Independent Shareholders in respect of the EGM Resolutions. As (a) Ms. Gabriella SANTOSA, being a non-executive Director, is one of the Controlling Shareholders, and (b) Ms. GAO Lina, being a non-executive Director, holds 135,000 Shares and is presumed to be acting in concert with the Controlling Shareholders under class (6) presumption under the definition of “acting in concert” pursuant to the Hong Kong Takeovers Code, they will not be members of the Independent Board Committee.

THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has approved our appointment as the Independent Financial Adviser to the Independent Board Committee in respect of the Rights Issue and the Whitewash Waiver. As the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Rights Issue and the Whitewash Waiver is in the interests of the Company and the Independent Shareholders as a whole; and (iii) how to vote on the relevant resolutions to be proposed at the EGM in relation to the Rights Issue and the Whitewash Waiver.

We (i) are not associated or connected, financial or otherwise, with the Company, the Company’s controlling shareholders or any parties acting, or presumed to be acting, in concert with any of them; and (ii) we have not acted as an independent financial adviser or financial adviser in relation to any transactions of the Company, the Company’s controlling shareholders or any parties acting, or presumed to be acting, in concert with any of them in the last two years prior to the date of the Circular.

Pursuant to Rule 2 of the Takeovers Code, and given that (i) remuneration for our engagement to opine on the Whitewash Waiver is at market level and not conditional upon the outcome of the Whitewash Waiver; (ii) no arrangement exists whereby we shall receive any fees or benefits from the Company (other than our said remuneration), the Company’s controlling shareholders or any parties acting, or presumed to be acting, in concert with any of them; and (iii) our engagement is on normal commercial terms and approved by the Independent Board Committee, we are independent of and not associated with the Company, the Company’s controlling shareholders, or any parties acting in concert with any of them and can act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Whitewash Waiver.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, amongst others, (i) the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”); (ii) the results announcement of the Company for the year ended 31 December 2024 (the “**2024 Results Announcement**”) and the annual report of the Company for the year ended 31 December 2024 (the “**2024 Annual Report**”); (iii) the Whitewash Waiver; and (iv) other information contained or referred to in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Company (the “**Management**”). We have assumed that all the statements, information, opinions and representations for matters relating to the Group contained or referred to in the Circular and/or provided to us by the Company, the Directors and the Management were reasonably made after due and careful enquiry and were true, accurate and complete at the time they were made and continued to be so as at the date of the EGM. The Company will notify the Shareholders of any material changes to the information contained or referred to in the Circular as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. Shareholders will also be informed as soon as practicable when there are any material changes to the information contained or referred to herein as well as changes to our opinion, if any, after the Latest Practicable Date.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading at the time they were made or will be untrue, inaccurate or misleading at the date of the EGM, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us to be untrue, inaccurate or misleading.

We have assumed that all the statements, information, opinions and representations for matters relating to the Company contained or referred to in the Circular and/or provided to us by the Company and the Management have been reasonably made after due and careful enquiry. We consider that we have been provided with and have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or future prospects of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background information of the Group

1.1. General principal business

The Group is primarily engaged in dairy farming in the PRC, focusing on the production and sale of high-quality raw milk to leading national and regional dairy manufacturers such as Mengniu, Bright Dairy, and Meiji. It is the fourth-largest producer of raw milk in the PRC by production volume in 2024. The business is divided into two main segments: raw milk production and beef cattle farming, with an additional ancillary business that includes milk product sales and feed production.

The Group's shares were successfully listed on the Main Board of the Stock Exchange on 30 December 2022 (the "**Listing**"), raising total net proceeds of approximately HK\$105.28 million. These funds have been fully utilized for the following purposes: (i) purchasing milking equipment, (ii) acquiring vehicle equipment for cow raising and feeding, (iii) purchasing cooling equipment and other breeding-related facilities, and (iv) constructing cow manure treatment facilities.

The raw milk segment is the Group's core business, accounting for 78.4% of total revenue of the year ended 31 December 2024. During the year ended 31 December 2024, while raw milk production volume increased by 6.6% and sales volume rose by 4.2%, revenue from raw milk sales declined by 13.5%. This was primarily due to a 17.0% drop in the average selling price during the same period, which resulted from weak demand and market oversupply. Despite these challenges, the Group managed to reduce feed costs by 19.0%, thereby maintaining its gross margins. The Group operates 11 large-scale dairy farms in Inner Mongolia and Shandong, strategically positioned to optimize production and access to key markets.

The beef cattle segment operates alongside the dairy business, utilising dairy herds for breeding. Revenue from beef cattle sales saw a significant increase of 37.6%, driven by a 64.5% rise in sales volume, despite a 16.4% decrease in the average selling price. The Group owns two large-scale beef cattle feedlots, with a total herd of 35,707 heads as at 31 December 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2. Financial information of the Group

1.2.1. Extract of consolidated statement of profit or loss

	For the year ended 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
REVENUE	3,802,915	3,924,360	3,683,841
<i>Cost of sales</i>	(3,788,788)	(3,906,318)	(3,666,842)
<i>Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest</i>	843,216	694,044	564,084
<i>Gains/(losses) arising from changes in fair value less cost to sell of beef cattle</i>	25,648	(3,624)	(90,047)
Gross profit	882,991	708,462	491,036
<i>Other income and gains</i>	50,281	94,691	66,961
<i>Losses arising from changes in fair value less costs to sell of other biological assets</i>	(158,183)	(667,883)	(1,260,646)
<i>Administrative expenses</i>	(334,442)	(225,553)	(231,529)
<i>Finance costs</i>	(219,797)	(268,948)	(282,295)
<i>Research and development costs</i>	–	–	(13,587)
<i>Other expenses</i>	(46,027)	(10,826)	(15,616)
PROFIT/LOSS FOR THE PERIOD	158,079	(488,791)	(1,269,287)

1.2.2. Extract of consolidated statement of financial position

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
NON-CURRENT ASSETS	8,145,179	8,434,586	7,482,170
<i>Property, plant and equipment</i>	3,175,200	3,361,082	3,159,924
<i>Right-of-use assets</i>	1,356,311	1,518,608	1,400,676
<i>Other intangible assets</i>	3,301	5,103	3,506
<i>Biological assets</i>	3,450,288	3,541,014	2,905,038
CURRENT ASSETS	2,595,207	2,742,778	2,389,905
<i>Cash and cash equivalents</i>	397,946	273,999	281,921
<i>Inventories</i>	1,304,146	1,311,682	1,151,662
<i>Biological assets</i>	380,267	512,402	419,136
<i>Trade receivable</i>	350,961	367,049	296,703

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	As at 31 December		
	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
CURRENT LIABILITIES	2,488,343	3,252,649	3,642,059
<i>Interest-bearing bank borrowings</i>	868,093	2,016,413	2,462,495
<i>Trade payable</i>	1,058,287	785,309	692,302
<i>Other payables and accruals</i>	477,394	368,999	390,991
NON-CURRENT LIABILITIES	2,678,242	2,849,049	2,422,504
<i>Interest-bearing bank borrowings</i>	1,304,344	1,383,910	1,035,897
<i>Lease liabilities</i>	1,254,817	1,434,714	1,356,503
Total equity	5,573,801	5,075,666	3,807,512
NAV per Share	8.0	7.2	5.4

Year ended 31 December 2022 (“FY2022”) compared with year ended 31 December 2023 (“FY2023”)

In FY2023, the Group recorded a slight increase in revenue, reaching RMB3.9 billion compared to RMB3.8 billion in FY2022, representing a 3.2% growth. This is mainly attributable to: (i) a 9.8% growth in raw milk sales volume and (ii) a 4.1% increase in beef cattle sales volume and partially offset by the decrease in the selling price of raw milk and beef cattle. The cost of sales, which mainly consists of the cost of raw milk and beef cattle, also increased, rising from RMB3.79 billion in FY2022 to RMB3.9 billion in FY2023, representing a 3.1% increase which was generally in line with the decrease in revenue during FY2023. Before taking into account the raw milk fair value adjustments, the costs of raw milk business for FY2023 amounted to RMB2,647.6 million, representing a year-on-year growth of 7.1% from FY2022, mainly due to the increase in direct materials which was due to the increase in the number of milkable cows. Before taking into account the beef cattle fair value adjustments, the costs of the beef cattle business for FY2023 amounted to RMB353.6 million, representing a year-on-year increase of 24.9% from FY2022, mainly due to the increase in direct materials as a result of the increase of beef cattle sales volume.

Gross profit decreased from RMB882.9 million in FY2022 to RMB708.4 million in FY2023, representing a 19.8% decline. This was mainly due to (i) a 8.2% decrease in raw milk selling price and (ii) a 7.6% decrease in beef cattle selling price. In particular, gross profit of the Group’s raw milk business amounted to RMB694.0 million for FY2023, representing a decrease of 17.7% compared to the previous year, which was mainly due to the decrease in sales price of raw milk and the increase in cost of sales. Gross profit of the Group’s beef cattle business amounted to a loss of RMB3.6 million, representing a decrease of 114.1% as compared to the previous year, which was mainly due to the decrease in sales price of beef cattle by 7.6% and the increase in cost of sales.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Other income and gains increased from RMB50.3 million in FY2022 to RMB94.7 million in FY2023, which was mainly due to the gain from modification of lease term amounting to RMB23.1 million as well as an increase in government grants and technical service fees. The Group's losses from changes in the fair value of biological assets, increased from RMB158.2 million in FY2022 to RMB667.9 million in FY2023, a key driver of the Group's deteriorated performance in FY2023, which was primarily due to lower market prices for raw milk used in the assumption to derive the fair value of biological assets. Additionally, administrative expenses decreased from RMB334.4 million during FY2022 to RMB225.6 million during FY2023 which was mainly due to the absent of one-off expenses in relation to listing expenses as well as lower share-based payment expenses incurred during the FY2023. Finance costs increased from RMB219.8 million in FY2022 to RMB268.9 million in FY2023, reflecting higher average bank borrowings and higher borrowing costs.

Due to the foregoing, the Group's reported a loss of RMB488.8 million for FY2023, a contrast to the profit of RMB158.1 million in FY2022. However, the Group continued to enhance its operational efficiency. Notably, the annualised average milk yield per milkable cow reached a record high of 13.6 tonnes in 2023, representing a year-on-year increase of 2.3%, which was attributable to in-depth understanding of herd management, accumulated upgrade in genetic breeding technologies, and increase in dairy cow numbers reaching peak lactation phases.

Year ended 31 December 2023 ("FY2023") compared with year ended 31 December 2024 ("FY2024")

The Group's revenue decreased by 6.1% from RMB3.9 billion in FY2023 to RMB3.7 billion in FY2024. This was primarily driven by a 17.0% decline in raw milk selling prices and a 16.4% decrease in beef cattle selling prices, which offset the impact of a 4.2% increase in milk sales volume and a 64.5% increase in cattle sales volume during FY2024. The cost of sales decreased by 6.1%, from approximately RMB3.9 billion to RMB3.7 billion, which was generally in line with the decrease in revenue. Before taking into account the raw milk fair value adjustments, cost of sales of the raw milk business for FY2023 decreased from RMB2.6 billion to RMB2.3 billion for FY2024. Such decrease was primarily due to the decrease in direct materials of raw milk business, mainly as a result of decrease in the number of milkable cows and the decrease in the feeding costs. Before taking into account the beef cattle fair value adjustments, cost of sales of beef cattle business increased from RMB353.6 million to RMB562.9 million, which was due to the increase in direct materials as a result of increase in beef cattle sales volume and partially offset by the decrease in the feeding cost. As a result, gross profit declined by 30.7%, from RMB708.5 million in FY2023 to RMB491.0 million in FY2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Losses arising from changes in the fair value less costs to sell of other biological assets, which increased by 88.7% from RMB667.9 million in FY2023 to RMB1,260.6 million in FY2024 was mainly due to lower raw milk price used in the assumption to drive fair value of biological assets. Such large losses were the main drivers to the Company's enlarged loss during FY2024. Operating expenses increased, with administrative expenses amounted to RMB231.5 million in FY2024, representing a year-on-year increase of 2.6% and research and development expenses increased by RMB13.6 million during FY2024. Finance costs also grew from RMB268.9 million to RMB282.3 million.

As a result of the foregoing, the Group reported a deeper loss of RMB1.3 billion in FY2024, compared to a loss of RMB488.8 million in FY2023.

As at 31 December 2022 compared with as at 31 December 2023

As at 31 December 2023, the Group's non-current assets increased from approximately RMB8.1 billion as at 31 December 2022 to approximately RMB8.4 billion as at 31 December 2023. This growth was primarily driven by the acquisition of property, plant, and equipment, as well as the capitalisation of biological assets during FY2023 – reflecting the Group's continued expansion and investment efforts. Biological assets, a significant portion of the non-current assets, grew from approximately RMB3.45 billion as at 31 December 2022 to approximately RMB3.54 billion as at 31 December 2023.

Current assets grew from approximately RMB2.6 billion as at 31 December 2022 to approximately RMB2.7 billion as at 31 December 2023. This rise was mainly driven by (i) an increase in biological assets which increased from RMB380.3 million to RMB512.4 million; (ii) an increase in prepayments, other receivables and other assets which increased from RMB155.9 million to RMB277.4 million; and offset by (iii) a decrease in cash and cash equivalents which decreased from RMB398.0 million to RMB274.0 million.

Current liabilities also increased from approximately RMB2.5 billion as at 31 December 2022 to approximately RMB3.3 billion as at 31 December 2023. This was primarily due to a rise in interest-bearing bank borrowings, which increased from RMB868.1 million in 2022 to RMB2.02 billion as at 31 December 2023. Non-current liabilities increased from approximately RMB2.7 billion as at 31 December 2022 to approximately RMB2.8 billion as at 31 December 2023, largely due to an increase in long-term borrowings to support the Group's ongoing expansion and investment initiatives, such as in research and innovation to improve production efficiency, and the increase in lease liabilities.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group's total equity declined from approximately RMB5.6 billion as at 31 December 2022 to approximately RMB5.1 billion as at 31 December 2023, primarily due to the net loss recorded for the year, which reduced retained earnings. While there was a moderate increase in the valuation of biological assets, this was largely attributable to improvements in operational efficiency, specifically, the increase in annualised average milk yield per milkable cow, which contributed positively to the fair value of the Group's dairy herd.

The total liabilities during the year resulted in an increase in the Group's gearing ratio, which rose from 63.0% as at 31 December 2022 to 97.0% as at 31 December 2023. This reflects the Group's growing reliance on debt financing to support its business expansion and capital investments, thereby increasing its financial leverage and exposure to interest rate fluctuations and liquidity risks.

As at 31 December 2023 compared with as at 31 December 2024

As of 31 December 2023, the Group reported total non-current assets of RMB8.4 billion, which decreased to RMB7.5 billion by 31 December 2024. This reduction was primarily driven by a decline in biological assets, which decreased from RMB3.5 billion as at 31 December 2023 to RMB2.9 billion as at 31 December 2024. The decrease in biological assets was mainly attributable to the impact of fair value adjustments reflecting lower market prices. Additionally, property, plant, and equipment decreased slightly from RMB3.4 billion in 2023 to RMB3.2 billion in 2024, while right-of-use assets also decreased from RMB1.5 billion to RMB1.4 billion.

Current assets declined from RMB2.7 billion as of 31 December 2023, to RMB2.4 billion as of 31 December 2024, indicating reduced liquidity. While cash and cash equivalents saw a modest increase from RMB274.0 million to RMB282.0 million, the overall decrease in current assets was primarily driven by a drop in biological assets, which fell from approximately RMB512.0 million to RMB419.0 million, and a reduction in inventories from RMB1.3 billion to RMB1.2 billion.

Total equity decreased from RMB5.1 billion as of 31 December 2023 to RMB3.8 billion as of 31 December 2024, mainly due to the net loss incurred during the year, driven by lower gross profit and losses from fair value changes in biological assets. The increase in gearing ratio, from 97.0% in FY2023 to 130.0% in FY2024, reflects a higher reliance on debt financing, primarily to fund long-term investments in strategic initiatives that are expected to take more than two to three years to generate significant returns.

These initiatives include supply-side consolidation, with the Group reserving land for its fourth raw milk production site, Pure Source Farm 4, as part of its preparation for future growth. While construction has been temporarily paused, the groundwork reflects the Group's long-term strategic planning. The Group also intends to upgrade its beef cattle herd to premium breeds like Wagyu and Angus and focusing on genetic advancements to enhance productivity and efficiency, alongside improvements in feed quality. While these investments contribute to short-term financial pressure, they are expected to position the Group for stronger profitability and competitive advantage in the long run.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Going concern as at 31 December 2024

We note that the consolidated financial statements of the Group for the year ended 31 December 2024 have been prepared on a going concern basis, notwithstanding the Group's net current liabilities of approximately RMB1,252 million, substantial short-term borrowings, and a net loss of approximately RMB1,269 million. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. However, the Company has implemented various mitigating measures, including improving operational efficiency, enhancing cost controls, renegotiating banking facilities, and exploring new sources of funding. These initiatives reflect Management's commitment to restoring the Group's financial stability. Accordingly, the Directors believe it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2024 on a going concern basis. In this regard, we consider that the Rights Issue serves to address the Group's net current liabilities position and short-term debt burden, thereby alleviating the going concern pressure. We further note from our discussion with the Management that the Group is optimistic for a positive turn in its sectors during the second half of 2025 in light of the expected recovery in the milk prices in the second half of 2025, which we note is consistent with the outlook outlined in the industry reports from our independent research mentioned under the section headed "1.2.2.1 Outlook of the Group" of this letter.

The auditors have issued an unmodified opinion, confirming that the consolidated financial statements give a true and fair view of the Group's financial position, performance, and cash flows for the year in accordance with IFRS and the Hong Kong Companies Ordinance. Furthermore, as disclosed in the sections headed "5. Material changes" and "6. Financial and trading prospects of the Group" of the Circular, there has been no material adverse change in the financial position of the Group since 31 December 2024.

1.2.2.1. Outlook of the Group

The Group continues to leverage advanced technologies and high standards in its operations, focusing on genetic improvement programs such as in vitro fertilisation and embryo transfer to enhance dairy cow productivity. It maintains strict quality control measures and all of its 11 dairy farms are currently SQF certified, ensuring the quality of raw milk.

Raw milk business

Despite industry headwinds, namely declining milk prices and rising production costs, the Group remains committed to operational efficiency, product quality, and market expansion. In FY2024, the Group's raw milk production increased by 6.6% to 916,600 tonnes, while milk yield per milkable cow improved by 2.9%, reflecting the Group's ability to deliver performance even under adverse condition. Furthermore, it achieved a 19.0% reduction in feed costs per kg of raw milk compared to FY2023, helping to sustain profitability amid market pressure.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Beef cattle business

The beef cattle segment also faced difficulties. The gross loss for FY2024 widened to RMB90 million, primarily driven by a 16.4% decline in prices. Our independent research, based on the OECD-FAO *Agricultural Outlook 2021-2030* (the “**OECD-FAO Report**”) jointly issued by The Organization of Economic Cooperation and Development (“**OECD**”) and The Food and Agriculture Organization (“**FAO**”) of the United Nations, indicates that the sector has experienced price volatility and possible dumping behaviour from competitors. Nevertheless, government support and anti-dumping policies, for instance, price undertakings aimed to set minimum price which exporters can sell their products, are expected to stabilise the market, with recovery anticipated in the second half of 2025. Long-term industry prospects remain positive, with the OECD-FAO Report projecting an 8.0% increase in China’s per capita beef consumption by 2030, following a 35% rise over the past decade. The Group aims to capitalise on this trend by enhancing operational efficiency, expanding production capacity, and strengthening its market position.

Industry trends

From our independent research, we note that the dairy industry has been facing challenges. According to the *China Dairy Economic Monthly Report* (May 2024 Issue 178)¹, milk prices averaged RMB3.4/kg in April 2024 in the PRC, marking a 1.7% decrease compared to the previous month, and the lowest since October 2018. At the same time, the National Dairy Industry Technology System² reported raw milk production costs reached RMB3.82/kg in the PRC in 2024, matching the historical highs seen in 2022. As a result, many dairy farms had been operating at a loss, prompting closure of many smaller farms and industry consolidation. In response, dairy operators have prioritised cost control, milk yield, and cash flow management. Against this backdrop, the Group has made significant investments in productivity improvement, with a view to better navigating market conditions and supporting its long-term sustainability.

The outlook of the industry in 2025 remains uncertain in light of the ongoing trade tensions between the PRC and the United States (the “**US**”). In April 2025, the PRC raised tariffs on imports from the US from 84% to 125% in retaliation to increased US tariffs, affecting a wide range of products, including livestock feed. While in May 2025, the PRC and the US reached an agreement on a 90-day pause, lowering the tariffs on imports from the US to 10%, the ongoing trade tensions between the two countries continue to pose uncertainty. According to the Management, the Group has proactively responded by diversifying its feed supply sources and securing longer term contracts to ensure cost control for near term procurement. The Group has strategically diversified its sources of feed supply to better manage political and supply chain risks. This approach enhances the Group’s resilience by ensuring access to alternative supply channels.

1 The China Dairy Economic Monthly Report is published by the Dairy Economic Research Office of the National Dairy Industry of the PRC. This office is an institution within the Chinese dairy sector, providing regular updates and analysis on market conditions.

2 The National Dairy Industry Technology System was established in October 2007 and is affiliated with China Agricultural University.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Despite the aforementioned challenges and uncertainties, according to the Dairy Industry Information Network³, the domestic oversupply of raw milk is expected to reach a turning point in the second half of 2025, with the average milk price expected to recover moderately to a range from RMB3.10 to 3.65/kg. Meanwhile, it is expected that cost-saving and efficiency improvements in dairy farming will continue, helping to alleviate the current losses in the sector.

In conclusion, we note that the Group's strategy remains aligned with its long-term vision, which focuses on operational efficiency, market expansion, and investment in sustainability. While the proposed Rights Issue is not underwritten, the Company has secured irrevocable undertakings from certain Controlling Shareholders, with an expected minimum subscription amount of approximately HK\$110.94 million, providing a degree of funding certainty. A strengthened financial position is expected not only to support the execution of the Group's ongoing initiatives, but also to enhance its financial flexibility in navigating a challenging operating environment. In our view, the Rights Issue is reasonably likely to achieve its stated objectives of reducing gearing and supporting the Group's long-term growth trajectory, particularly given the secured irrevocable commitments and alignment of the stated use of proceeds.

2. Reasons for and benefits of the Rights Issue

2.1. Funding needs

Assuming there is no change in the total number of issued Shares from the Last Trading Date up to and including the Record Date and all Rights Shares to be issued under the Rights Issue have been taken up in full, (i) the gross proceeds of the Rights Issue will be approximately HK\$313.8 million, and (ii) the net proceeds from the Rights Issue (after deduction of estimated professional fees and other related expenses of approximately HK\$5.0 million) are estimated to be approximately HK\$308.8 million. The net price per Rights Share (after deduction of estimated professional fees and other related expenses) is estimated to be approximately HK\$1.10. Pursuant to the Irrevocable Undertaking given by certain Controlling Shareholders, the minimum amount to be raised under the Rights Issue is expected to be HK\$110.94 million.

The Company intends to apply such net proceeds as to:

- (i) about 63.15% of the net proceeds (approximately HK\$195 million which is equivalent to approximately US\$25 million) to fully repay a short-term loan facility of US\$25 million with a financial institution for the purpose of providing working capital for the Group. The loan facility was utilised on 27 February 2025 and is due on 26 August 2025. The proceeds of the loan facility have been used to provide short-term liquidity to the Group's farming operations in the PRC;

³ The Dairy Industry Information Network (RuYeZiXun) is the official media platform of *China Dairy* magazine. *China Dairy* was first published in January 2002. It is China's first comprehensive journal that provides all-around information services for the dairy industry.

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- (ii) about 27.37% of the net proceeds (approximately HK\$84.53 million which is equivalent to approximately RMB79.46 million) to be used for the repayment of onshore working capital facilities and interests with a financial institution in the PRC. Such loan facilities were utilised on 17 January 2025 and were used as working capital in the Group's dairy farms located in Shandong and Inner-Mongolia of the PRC. The due date of the loan facilities is on 17 July 2025; and
- (iii) the remaining 9.48% of the net proceeds (approximately HK\$29.28 million) to be used for the Group's general working capital purposes, including, but not limited to, normal feed material procurement, purchase of silages and other working capital needs.

As the Rights Issue will proceed on a non-underwritten basis, the actual amount of the net proceeds from the Rights Issue cannot be ascertained as at the Latest Practicable Date. In the event there is an under-subscription of the Rights Issue, the net proceeds of the Right Issue will shall be applied in the order of priority as set out above, starting with the repayment of the US\$25 million loan facility. Any remaining net proceeds will be used for general working capital. If proceeds fall short of HK\$279.53 million, the Group intends to cover the shortfall using its internal cash resources to ensure the necessary repayments are met.

Size of the Rights Issue

Although there is no guaranteed minimum amount to be raised by the Rights Issue, the Irrevocable Undertakings by (i) Mr. Renaldo SANTOSA; (ii) Ms. Gabriella SANTOSA; (iii) Highvern Trustees Limited (as trustee of the Scuderia Trust); (iv) Rangi Management Limited; (v) Tasburgh Limited; and (vi) Tallowe Services Inc, provides reasonable assurance that at least HK\$110.94 million will be raised. As such, we consider the Rights Issue to be reasonably structured to meet the Group's short-term funding needs.

Further, we consider the size of the Rights Issue to be appropriate in light of the Group's imminent capital requirements and reliance on debt financing. The targeted gross proceeds of approximately HK\$313.8 million, representing approximately 28.4% of the Company's market capitalisation (based on the closing price as at the Last Trading Day), appears to be a pragmatic response to address the Group's near-term liquidity pressure. The allocation of proceeds, largely for the repayment of short-term borrowings used to support the Group's working capital used to fund core operations, reflects the Company's focused and purpose-driven approach in undertaking the Rights Issue.

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2.2. Suitable fund raising method

As described in the “Letter from the Board”, we noted that the Management has considered other financing alternatives (i) debt financing; and (ii) equity financing.

2.2.1. Debt Financing

In respect of debt financing, it would result in an additional interest burden and increased financial costs for the Group, given the Group’s high gearing ratio of 130.0% in FY2024. This would further drive up the gearing ratio and place additional liquidity pressure on the Group.

2.2.2. Equity Financing

2.2.2.1. Placing and subscription of new Shares

Placing and subscription of new shares would raise a relatively smaller amount of capital compared to the Rights Issue, depending on various factors such as the pricing and demand for the shares. Moreover, this approach could result in immediate dilution of existing shareholders’ interests, as it would not provide them with the opportunity to participate in the enlarged capital base of the Company. Given that the Company’s intention is to offer shareholders the opportunity to maintain or increase their shareholding, the placing and subscription of new shares may not be the most suitable funding method for the Company.

2.2.2.2. Open offer

Although an open offer gives qualifying shareholders the chance to participate, similar to a Rights Issue, it does not provide the same level of flexibility and protection. A Rights Issue gives all existing shareholders the priority right to subscribe for new shares in proportion to their current holdings, ensuring they are not diluted unless they choose not to participate. This allows shareholders more options to manage their investments and preserves their ownership stake. In contrast, an open offer does not allow shareholders to trade their entitlements and limits participation, which could lead to dilution even for those who wish to maintain their stake. We note that the Company’s decision to pursue a rights issue reflects a consideration of fairness to existing shareholders, allowing them the opportunity to preserve their proportionate interests.

Having considered (i) the feasibility of the various fund-raising methods; (ii) the potential financing costs; and (iii) the opportunity for the existing Shareholders to maintain their shareholding in the Company and the additional flexibility afforded by the Rights Issue, the Management, whose view is set out in the section headed

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“Reasons for the Rights Issue and the Use of Proceeds” in the “Letter from the Board”, is of the view, and we concur, that the Rights Issue is the most suitable fund raising method to the Group.

2.3. Financial Effect

It should be noted that the analysis below is for illustrative purpose only and does not purport to represent how the financial position of the Group will become upon completion of the Rights Issue.

2.3.1. Liquidity

As of 31 December 2024, the Group reported cash and bank balances of approximately RMB282 million, with current interest-bearing bank borrowings of around RMB2.5 billion. The current secured bank loans carry an effective interest rate ranging from approximately 3.9% to 4.8%. Given that 63.15% of the net proceeds from the Rights Issue will be applied towards the repayment of existing short-term debt obligations, including US\$25 million short-term loan facility and other working capital loans, the Group’s liquidity position will improve upon completion of the Rights Issue.

By reducing its short-term debt obligations, the Group will alleviate immediate repayment pressures, thereby preserving cash flow for other initiatives. This will enable the Group to allocate more financial resources towards its core business operations, ensuring stability and continuity in its farm operations in the PRC, amidst a challenging environment. Furthermore, the repayment of these liabilities will reduce reliance on external borrowings and lower the Group’s exposure to refinancing risks, strengthening its financial flexibility in the long run.

2.3.2. Net assets

The Rights Issue will lead to an increase in the Group’s total equity as 9.48% of net proceeds will be recognised as Shareholder’s equity, because a portion of the net proceeds will be recognized as Shareholders’ equity, specifically through the issuance of new shares. This results in a direct increase in the equity base of the Group, as the new shares are subscribed by existing or new shareholders. While part of the proceeds may be used to settle existing liabilities, the overall effect is an improvement in net assets, as the infusion of new capital enhances the Group’s financial position and reduces debt levels. The recognition of 9.48% of net proceeds as Shareholders’ equity reflects the proportion of capital raised that directly contributes to the equity structure.

In addition, by reducing its outstanding borrowings, the Group will also enhance its asset quality, as a lower portion of total assets will be tied to financial liabilities. This strengthens the Group’s financial position and reinforces its ability to secure financing at more favourable terms, if needed.

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2.3.3. Gearing ratio

As at 31 December 2024, the Group's gearing ratio, which is measured on the basis of the Group's total debts divided by equity attributable to owners of the Company, was approximately 130.0%. Since a substantial portion of the Rights Issue proceeds will be used to repay short-term liabilities, the total debt level will decline, leading to a reduction in the Group's gearing ratio.

A lower gearing ratio reduces financial risks associated with high leverage. The Group will have a stronger equity base and improved debt-servicing capability. Moreover, a lower gearing ratio may facilitate future fundraising efforts.

In summary, the improved financial position resulting from the Rights Issue will enhance the Group's ability to pursue future growth opportunities. With a stronger liquidity position, improved net assets, and lower gearing ratio, the Group will have greater financial flexibility to fund capital expenditures, invest in operational efficiencies, or explore expansion initiatives.

Furthermore, the Rights Issue allows the Group to strengthen its capital base without incurring additional debt, therefore, avoiding higher interest burdens and the restrictive covenants often associated with traditional financing methods, as detailed in the section "2.2 Suitable fundraising methods". This positions the Group for future capital market activities, as it will have an improved financial profile that may attract further investor interest.

Considering that (i) the Group's financial position will be strengthened with improved liquidity, (ii) the net assets of the Group will increase, (iii) the gearing ratio will be reduced, and (iv) the Group will have enhanced financial flexibility and future fundraising capabilities, the Rights Issue is expected to have a positive impact on the Group's overall financial performance and long-term sustainability. Accordingly, the Management considers, and we concur, the Rights Issue to be in the best interests of the Group and its Independent Shareholders as a whole.

2.4. Dilution impact

All Qualifying Shareholders are entitled to subscribe for the Rights Shares. For those Qualifying Shareholders who take up their full provisional allotments under the Rights Issue, their shareholding interests in the Company will remain unchanged after the Rights Issue. Qualifying Shareholders who do not take up the Rights Issue can, subject to the prevailing market conditions, consider selling their nil-paid rights to subscribe for the Rights Shares in the market. However, they should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue.

For those Qualifying Shareholders who do not take up their full provisional allotments under the Rights Issue, depending on the extent to which they subscribe for the Rights Shares, their shareholding interests in the Company upon completion of the Rights Issue will be diluted by up to a maximum of approximately 28.57%.

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Please refer to the table below for further information on the effect of the Rights Issue on the overall shareholding structure of the Company.

As detailed in the table as of the Latest Practicable Date, assuming (i) no change in the Company's issued share capital up to and including the Record Date, and (ii) only Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc. and Mr. Renaldo Santosa have accepted all 99,054,014 Rights Shares pursuant to the Irrevocable Undertaking, and Japfa Ltd subscribe to its entitlements of 5,014,415 Rights Shares, the Controlling Shareholders' interest will rise from 37.14% to 45.27%, with their aggregate shareholding (including parties acting in concert) increasing from 42.75% to 50.15%.

If the Controlling Shareholders and the aforementioned parties also subscribe to the maximum excess Rights Shares allowed under Rule 7.21(3)(b) of the Listing Rules, totaling 176,116,815 Rights Shares, their interest would further increase to 55.10%, while their aggregate shareholding would reach 59.1%.

In such a scenario, their acceptance of the provisionally allotted and excess Rights Shares would trigger a mandatory general offer under Rule 26 of the Hong Kong Takeovers Code, unless the Whitewash Waiver is granted by the Executive and approved by Independent Shareholders at the EGM. The Whitewash Waiver Resolutions require (i) more than 50% of independent votes in favour of the Rights Issue, and (ii) at least 75% in favour of the Whitewash Waiver, with the Controlling Shareholders and their concert parties abstaining from voting.

Shareholder	As at the Latest Practicable Date		Immediately upon the completion of the Rights Issue (assuming full acceptance under the Rights Issue)		Immediately upon the completion of the Rights Issue (assuming no subscription by the Qualifying Shareholders (other than Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc, Mr. Renaldo SANTOSA and Japfa Ltd) under the Rights Issue)		Immediately upon the completion of the Rights Issue (assuming no subscription by the Qualifying Shareholders (other than Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc., Mr. Renaldo SANTOSA and Japfa Ltd) under the Rights Issue) and they have applied for and successfully been allotted the maximum excess Rights Shares	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹¹⁾	Number of Shares	% ⁽¹¹⁾	Number of Shares	% ⁽¹¹⁾
Controlling Shareholders⁽²⁾								
Rangi Management Limited	212,395,300 ⁽³⁾⁽⁴⁾⁽⁵⁾	30.32	297,353,420	30.32	297,353,420	36.96	441,129,526	44.98
Tasburgh Limited	21,342,875 ⁽³⁾⁽⁴⁾⁽⁵⁾	3.05	29,880,025	3.05	29,880,025	3.71	44,327,593	4.52
Tallowe Services Inc.	13,540,000 ⁽⁶⁾	1.93	18,956,000	1.93	18,956,000	2.36	28,121,591	2.87

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Shareholder	As at the Latest Practicable Date		Immediately upon the completion of the Rights Issue (assuming full acceptance under the Rights Issue)		Immediately upon the completion of the Rights Issue (assuming no subscription by the Qualifying Shareholders (other than Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc, Mr. Renaldo SANTOSA and Japfa Ltd) under the Rights Issue)		Immediately upon the completion of the Rights Issue (assuming no subscription by the Qualifying Shareholders (other than Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc, Mr. Renaldo SANTOSA and Japfa Ltd) under the Rights Issue) and they have applied for and successfully been allotted the maximum excess Rights Shares	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹¹⁾	Number of Shares	% ⁽¹¹⁾	Number of Shares	% ⁽¹¹⁾
Renaldo SANTOSA	356,860 ⁽³⁾⁽⁶⁾⁽⁷⁾	0.05	499,604	0.05	499,604	0.05	741,172	0.08
Parties presumed to be acting in concert with Controlling Shareholders (excluding certain Directors⁽⁶⁾)								
Japfa Ltd ⁽³⁾	12,536,038	1.79	17,550,453	1.79	17,550,453	2.18	26,036,435	2.66
Sub-total for Controlling Shareholders and Concert Parties (excluding certain Directors) ⁽⁸⁾	260,171,073	37.14	364,239,502	37.14	364,239,502	45.27	540,356,317	55.10
Other parties presumed to be acting in concert with Controlling Shareholders								
TAN Yong Nang	28,031,111 ⁽⁸⁾⁽⁹⁾	4.00	39,243,555	4.00	28,031,111	3.48	28,031,111	2.8
Edgar Dowse COLLINS	8,124,060 ⁽⁸⁾	1.16	11,373,684	1.16	8,124,060	1.01	8,124,060	0.83
YANG Ku	3,010,000 ⁽⁸⁾	0.43	4,214,000	0.43	3,010,000	0.37	3,010,000	0.31
GAO Lina	135,000 ⁽⁸⁾	0.02	189,000	0.02	135,000	0.02	135,000	0.01
Sub-total for Controlling Shareholders and Concert Parties	29,471,244	42.75	41,259,741	42.75	403,539,673	50.15	579,656,488	59.11
Meiji (China) Investment Company, Limited	155,451,785 ⁽¹⁰⁾	22.19	217,632,499	22.19	155,451,785	19.32	155,451,785	15.85
Public Shareholders	245,540,083	35.05	343,756,116	35.05	245,540,083	30.52	245,540,083	25.04
Total	700,463,112	100.00	980,648,356	100.00	804,531,541	100.00	980,648,356	100.00

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Notes:

- (1) The calculation is based on the total number of 700,463,112 issued Shares as at the Latest Practicable Date.
- (2) This includes only the Controlling Shareholders that directly hold Shares. Under Listing Rules, Controlling Shareholders also include Ms. Gabriella SANTOSA, the Scuderia Trust, Highvern Trustees Limited (as trustee of the Scuderia Trust), Magnus Nominees Limited, Fidelis Nominees Limited and Fusion Investment Holdings Limited.
- (3) Rangi Management Limited is wholly owned by Fusion Investment Holdings Limited. Tasburgh Limited holds 21,342,875 Shares. The shares in each of Fusion Investment Holdings Limited and Tasburgh Limited are collectively held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Scuderia Trust, which is a reserved power discretionary trust. The Shares held by Rangi Management Limited and Tasburgh Limited are assets of the Scuderia Trust. Mr. Renaldo SANTOSA and Ms. Gabriella SANTOSA are appointed as the joint investment power holders of the Scuderia Trust. Under the terms of the Scuderia Trust, they are jointly entitled, as investment power holders, to direct the trustee of the Scuderia Trust, Highvern Trustees Limited, to procure to the best of its ability that the directors of Fusion Investment Holdings Limited and Tasburgh Limited act in accordance with his instructions in relation to the investments of the Scuderia Trust. By virtue of the SFO, each of Mr. Renaldo SANTOSA, Ms. Gabriella SANTOSA and Highvern Trustees Limited (as trustee of the Scuderia Trust) is deemed to be interested in the Shares held by Rangi Management Limited and Tasburgh Limited, and Fusion Investment Holdings Limited is deemed to be interested in the Shares held by Rangi Management Limited. Rangi Management Limited is also deemed interested in Japfa Ltd's direct holding of 12,536,038 Shares.
- (4) Highvern Trustees Limited is a professional trustee.
- (5) MNM Holdings Limited is the holding company of Highvern Trustees Limited, which has an interest in the Shares as trustee of the Scuderia Trust and the Capital Two Trust. MNM Holdings Limited is wholly owned by Martin John Hall and Naomi Julia Rive in equal shareholding proportions. By virtue of the SFO, each of MNM Holdings Limited, Martin John Hall and Naomi Julia Rive is deemed to be indirectly interested in the Shares that Highvern Trustees Limited is interested in.
- (6) Tallowe Services Inc. holds 13,540,000 Shares. Tallowe Services Inc. is wholly owned in equal shares by Magnus Nominees Limited as bare trustee for Mr. Renaldo SANTOSA and Fidelis Nominees Limited as bare trustee for Ms. Gabriella SANTOSA.
- (7) Mr. Renaldo SANTOSA holds 356,860 Shares through his client account with a financial institution.
- (8) These Directors are presumed to be acting in concert with the Controlling Shareholders under class (6) presumption under the definition of "acting in concert" pursuant to the Hong Kong Takeovers Code. This presumption will cease to apply after completion of the Rights Issue.
- (9) The Shares of Mr. TAN Yong Nang include (i) 17,431,111 Shares are held by Great Alpha Investments Limited, which is wholly-owned by Mr. TAN; and (ii) 10,600,000 Shares is held by Great Delta Investments Limited under a discretionary family trust whose trustee is Butterfield Trust (Asia) Limited. Mr Tan is the investment manager of the Trust.
- (10) Meiji (China) Investment Company, Limited, which is a subsidiary of Meiji Holdings Company Limited (a company listed on the Tokyo Stock Exchange), is presumed to be acting in concert with the Controlling Shareholders under class (1) presumption under the definition of "acting in concert" pursuant to the Hong Kong Takeovers Code. The Company has made an application for, and the Executive has granted, the rebuttal of the class (1) presumption that Meiji (China) Investment Company, Limited and the Controlling Shareholders are persons acting in concert for purpose of Hong Kong Takeovers Code under the definition of "acting in concert".
- (11) The aggregate of the percentage figures in the above table may not add up to 100% due to rounding of the percentage figures to two decimal places.

The potential dilution impact also affects the Non-Qualifying Shareholders who, due to regulatory or legal restrictions, are unable to participate in the Rights Issue. However, the Non-Qualifying Shareholders, as set out in the section "Rights of Overseas Shareholders" in the "Letter from the Board" will potentially receive any net proceeds (over HK\$100) from the sale of their nil-paid Rights Shares in the market, if a premium can be obtained, as a form of compensation. Taking this into consideration together with the funding needs as outlined in the section headed "2. Reasons for and benefits of the Rights Issue", we are of the view that the terms of the Rights Issue are fair and reasonable so far as the Non-Qualifying Shareholders are concerned.

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Having considered that (i) all Qualifying Shareholders have an equal opportunity to participate in the capital enlargement and will not face dilution if they fully exercise their provisional allotments, (ii) they may also realise their nil-paid rights in the market, subject to availability, and (iii) the Non-Qualifying Shareholders will potentially receive any net proceeds (over HK\$100) from the sale of their nil-paid Rights Shares in the market, if a premium can be obtained, as a form of compensation, we are of the view that the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned. Any potential dilution would only affect those who choose not to subscribe for their pro-rata Rights Shares, which is a result of their own investment decision, and the Non-Qualifying Shareholders who are unable to participate in the Rights Issue, due to regulatory or legal restrictions.

2.5. Section summary

Considering (i) the reasons for the Rights Issue, including the need to raise funds to repay short-term debts and enhance the Company's liquidity; (ii) the benefits of the Rights Issue, such as strengthening the Group's financial position, reducing debt, and providing flexibility for future growth; (iii) the potential dilution effect, which only affect (a) Qualifying Shareholders who choose not to participate and (b) Non-Qualifying Shareholders who will potentially receive any net proceeds (over HK\$100) from the sale of their nil-paid Rights Shares in the market, if a premium can be obtained, as a form of compensation; and (iv) the Group's intention to continue developing its business strategy as outlined at the time of listing, we concur with the Management that the Rights Issue is the most suitable fund raising method to the Group under the current circumstances.

3. Principal terms of the Rights Issue

3.1. Summary of the key terms

Basis of the Rights Issue	:	Two (2) Rights Shares for every five (5) existing Shares held at the close of the business on the Record Date
Subscription Price	:	HK\$1.12 per Rights Share
Number of Shares in issue as at the Last Trading Date	:	700,463,112 Shares
Total number of Rights Shares	:	Up to 280,185,244 Rights Shares

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Number of Rights Shares being undertaken by certain Controlling Shareholders : As at the Latest Practicable Date the Board has received the Irrevocable Undertaking given by certain Controlling Shareholders, namely, (i) Mr. Renaldo SANTOSA; (ii) Ms. Gabriella SANTOSA; (iii) Highvern Trustees Limited (as trustee of the Scuderia Trust); (iv) Rangi Management Limited; (v) Tasburgh Limited; and (vi) Tallowe Services Inc. Pursuant to the Irrevocable Undertaking, (1) the Shares of the abovementioned Controlling Shareholders will continue to be held by each of Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc. and Mr. Renaldo SANTOSA on the Record Date; (2) each of them will accept their respective entitlements to the provisional allotment of an aggregate of 99,054,014 Rights Shares; and (3) each of them shall not sell or transfer their respective Shares before the completion or lapse of the Rights Issue. For the avoidance of doubt, Rangi Management Limited made the Irrevocable Undertaking only on behalf of itself and the Shares held by itself and not for Japfa Ltd, a Company listed on the Mainboard of the SGX-ST nor the 12,536,038 Shares held by Japfa Ltd in which Rangi Management Limited is deemed to be interested. Whether or not Japfa Ltd will take up any Rights Shares and/or Excess Rights Shares will be determined by its board of directors in due course.

Gross proceeds to be raised from the Rights Issue : Up to approximately HK\$313.81 million

In order to assess the fairness and reasonableness of the terms of the Rights Issue, we have conducted the following analysis:

3.2. The Subscription Price

The Subscription Price of HK\$1.12 per Rights Share represents:

- (a) a discount of approximately 30.00% based on the closing price of HK\$1.60 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 29.11% to the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on the Last Trading Day;

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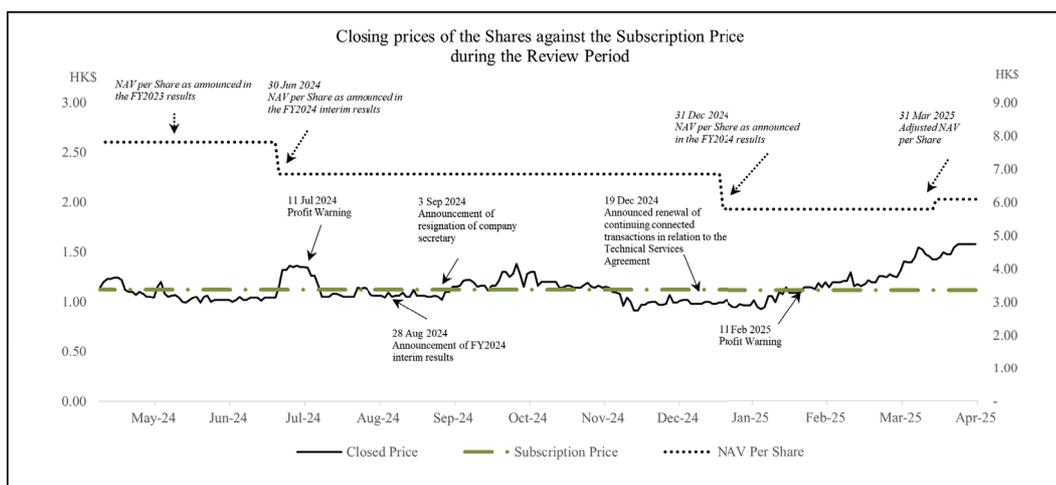
- (c) a discount of approximately 29.11% to the average closing price of approximately HK\$1.58 per Share as quoted on the Stock Exchange for the five consecutive trading days preceding to the Last Trading Day;
- (d) a discount of approximately 27.27% to the average closing price of approximately HK\$1.54 per Share as quoted on the Stock Exchange for the ten consecutive trading days preceding to the Last Trading Day;
- (e) a discount of approximately 20.57% to the average closing price of approximately HK\$1.41 per Share as quoted on the Stock Exchange for the 30 consecutive trading days preceding to the Last Trading Day;
- (f) a discount of approximately 5.08% to the average closing price of approximately HK\$1.18 per Share as quoted on the Stock Exchange for the 90 consecutive trading days preceding to the Last Trading Day;
- (g) a discount of approximately 2.61% to the average closing price of approximately HK\$1.15 per Share as quoted on the Stock Exchange for the 180 consecutive trading days preceding to the Last Trading Day;
- (h) a discount of approximately 22.76% to the theoretical ex-rights price of approximately HK\$1.45 per Share based on the closing price of HK\$1.58 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (i) a discount of approximately 80.95% to the audited net asset value (“NAV”) per Share of approximately HK\$5.88 as of 31 December 2024. This calculation is based on the Group’s audited consolidated net asset value of RMB3,807.5 million (equivalent to HK\$4,112.1 million) divided by 700,463,112 issued Shares; and
- (j) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 8.23%, represented by a discount of the theoretical diluted price of approximately HK\$1.45 per Share to the benchmarked price of approximately HK\$1.58 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$1.58 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days preceding the Last Trading Day of approximately HK\$1.58).

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To evaluate the fairness and reasonableness of the Subscription Price, we have carried out the following analysis:

(a) *Historical price performance of the Shares*

Set out below is the chart illustrating the historical closing price of Shares during the period from 16 April 2024, being 12 months immediately preceding the Last Trading Day (the “**Review Period**”). We consider that a period of 12 months, which reflects the prevailing market sentiment, is adequate to illustrate the recent price movement of the Shares for the purpose of conducting a reasonable comparison.



Source: The website of the Stock Exchange (www.hkex.com.hk)

As illustrated in the above chart, the closing price of the Shares have been relatively stable, with a high of HK\$1.58 recorded on 9, 11, 14, 15, 16, 23 April 2025 and a low of HK\$0.91 recorded on 22, 25 November 2024 during the Review Period. The average daily closing price per Share was HK\$1.14 during the Review Period.

We note that the Subscription Price of HK\$1.12 per Rights Share is below the daily closing prices per Share throughout the Review Period and represents (i) a discount of approximately 29.11% from the highest closing price; (ii) a premium of approximately 23.08% to the lowest closing price; and (iii) a discount of approximately 1.75% to the average daily closing price during the Review Period.

We believe that the recent market prices of the Shares serve as a reliable indicator of the market’s assessment of various aspects of the Company, including its financial performance and future prospects. The stability in the Share price suggests that investors have maintained a relatively consistent view of the Company’s development. Accordingly, we consider it fair and reasonable to reference recent market closing prices in determining the Subscription Price. Furthermore, setting the Subscription Price at a

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discount to the prevailing market price could enhance the attractiveness of the Rights Issue, encouraging Qualifying Shareholders to participate and thereby maintain their proportional interest in the Company while also benefiting from its future growth opportunities.

Furthermore, as discussed in the section headed “3.6 Comparison with the recent rights issue transactions” below, we also noted that it is common market practice to set the Subscription Price at a discount to prevailing market prices to increase the attractiveness for shareholders to participate in a rights issue.

In addition, we note that the Subscription Price of HK\$1.12 represents a notable discount to the Group’s net asset value (“NAV”). It reflects:

- i. a discount of approximately 85.69% to the audited NAV per Share of approximately HK\$7.83 as of 31 December 2023. This calculation is based on the Group’s audited consolidated net asset value of RMB5,075.7 million (equivalent to HK\$5,481.7 million based on the exchange rate of HK\$1.08 to 1 RMB) as set out in the annual report of the Company for the year ended 31 December 2023 divided by 700,463,112 issued Shares as of 31 December 2023;
- ii. a discount of approximately 80.95% to the audited NAV per Share of approximately HK\$5.88 as of 31 December 2024. This calculation is based on the Group’s audited consolidated net asset value of RMB3,807.5 million (equivalent to HK\$4,112.1 million based on the exchange rate of HK\$1.08 to 1 RMB) as disclosed in the annual report of the Company for the year ended 31 December 2024 divided by 700,463,112 issued Shares as of 31 December 2024;
- iii. discount of approximately 83.65% to unaudited net asset value per Share as at 30 June 2024 of approximately RMB6.34 (equivalent to approximately HK\$6.85) (based on the net asset value attributable to the owners of the Company as at 30 June 2024 of approximately RMB4,441.9 million (equivalent to approximately HK\$4,797.2 million) as set out in the interim report of the Company for the six months ended 30 June 2024 and 700,463,112 Shares in issue as at the Latest Practicable Date); and
- iv. a discount of approximately 81.67% to latest published audited consolidated net asset value per Share as at 31 December 2024, adjusted for the revaluation surplus arising from the valuation of the Group’s property interests as at 31 March 2025, of approximately RMB5.65 (equivalent to approximately HK\$6.11) (based on the net asset value attributable to the owners of the Company as at 31 December 2024 of approximately RMB3,807.5 million (equivalent to approximately HK\$4,112.1 million) as disclosed in the annual report of the Company for the year ended 31 December 2024, adjusted for the revaluation surplus of the Group’s property interests as at 31 March 2025 of approximately RMB152.3 million (equivalent to approximately HK\$164.5 million), and 700,463,112 Shares in issue as at the Latest Practicable Date).

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Adjusted net asset value

In evaluating the Subscription Price, we have taken into account the Group's adjusted NAV, which is provided by the Company and calculated based on the audited net asset value attributable to the Shareholders ("NAV") as at 31 December 2024, adjusted with reference to the valuation report (the "Valuation") as at the valuation date (i.e. 31 March 2025). As stated in the Circular, details of the adjustments are set out in the table below:

	<i>RMB'000</i>
Audited NAV as at 31 December 2024	3,807,512
<i>Add: net revaluation surplus arising from the Valuation⁽¹⁾</i>	<u>152,337</u>
Adjusted NAV	3,959,849
Adjusted NAV per Share:	
In RMB⁽²⁾	5.65
In HK\$^(2,3)	6.11
Discount of the Subscription Price over the Adjusted NAV per Share	81.67%

Notes:

1. This represents the net revaluation surplus calculated by comparing the market value of the properties held by the Group from the Valuation, over the corresponding book value of the properties as at 31 March 2025.
2. It is calculated based on 700,463,112 Shares in issue as at the Latest Practicable Date.
3. Based on the exchange rate of HK\$1.08 to 1 RMB.

Considering the Shares has been trading at a substantial discount to the NAV and adjusted NAV per Share during the Review Period, we are of the view that the NAV per Share is not a meaningful benchmark to determine the Subscription Price and the prevailing market price, which reflects the value of the Shares as perceived by the market having considered the Group's business, outlook and prevailing market conditions, is more relevant in determining the fairness and reasonableness of the Subscription Price. Taking into account the above and respective discounts of the Subscription Price against the prevailing market price (as described in this paragraph) are within the range of that of the Comparables as further discussed in the section headed "3.6 Comparisons with recent rights issue transactions" below, we consider the Subscription Price to be fair and reasonable.

(b) Trading liquidity of the Shares

Set out below is the average daily trading volume of the Shares on a monthly basis and the respective percentage of the average daily trading volume of the Shares as compared to (i) the total number of issued Shares and (ii) the Shares held by the public Shareholders during the Review Period.

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Month	Number of trading days	Average daily trading volume of Shares	Average daily trading volume as a percentage to the total number of issued Shares ⁽¹⁾⁽²⁾	Average daily trading volume as a percentage to the total number of issued Shares held by public Shareholders ⁽¹⁾⁽³⁾
2024				
April (from 16 April 2024)	11	9,342	0.001%	0.004%
May	21	32,229	0.005%	0.013%
June	19	22,343	0.003%	0.009%
July	22	37,753	0.005%	0.015%
August	22	9,559	0.001%	0.004%
September	19	41,076	0.006%	0.017%
October	21	38,312	0.005%	0.016%
November	21	67,143	0.010%	0.027%
December	20	22,900	0.003%	0.009%
2025				
January	19	84,366	0.012%	0.034%
February	20	49,839	0.007%	0.020%
March	21	79,947	0.011%	0.033%
April (up to the Last Trading Day)	11	164,007	0.023%	0.067%

Source: The website of the Stock Exchange (www.hkex.com.hk)

Notes:

- (1) Calculated based on the total number of issued Shares as at each month end/period.
- (2) The calculation is based on the average daily trading volume divided by total number of issued Shares as at the end of each relevant month/period.
- (3) The calculation is based on the average daily trading volume divided by total number of issued Shares held by the public Shareholders (i.e. 245,540,083 Shares) as at the Last Trading Day.

As illustrated in the above table, the percentage of average daily trading volume to (i) the total number of issued Shares and (ii) the total number of Shares held by public Shareholders ranged from approximately 0.001% to 0.0023% and approximately 0.004% to 0.067% respectively. The average daily trading volume of the Shares during the Review Period was approximately 47,695 Shares, representing approximately 0.007% of the total number of issued Shares and approximately 0.019% of the total number of Shares held by public shareholders as at the Latest Practicable Date, indicating that the Shares were generally illiquid in the open market. Given the thin trading volume of the Shares, we consider that the Company is unlikely to raise equity funds (by other means than the Rights Issue) without substantial discount to the prevailing Share price as the subscribers

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(irrespective of existing or new shareholders) may experience difficulty in dealing their Shares in the open market after the subscription and any sale of a significant number of such new Shares on the market may exert downward pressure on the market price of the Shares.

Taking into account (i) the financial performance and financial conditions of the Group as discussed the section headed “1.1 Financial information of the Group” above; and (ii) the consistent trend of the closing price of the Shares during the Review Period as discussed in the section headed “Historical price performance of the Shares” above, we are of the view that, from the perspective of trading liquidity of the Shares, the Rights Issue is an appropriate equity financing method for the Group and the Subscription Price thereunder is fair and reasonable.

3.3. Excess application

We note that the Company has adopted the following principles for the allocation of Excess Rights Shares. We are of the view that the process is fair and equitable, with allocations made pro-rata to Qualifying Shareholders based on their shareholdings on the Record Date, excluding Rights Shares applied for under PALs. If unclaimed Rights Shares exceed Excess Rights Shares applied for, full allocation is generally granted. No preference is given for odd-lot top-ups, and applications from Controlling Shareholders or their associates are subject to limits to ensure compliance with Rule 7.21(3)(b) of the Listing Rules. This rule disregards applications for Excess Rights Shares by Relevant Shareholders if the total amount exceeds the maximum limit, which is the number of Rights Shares offered minus the amount taken up under their assured entitlement.

Additionally, any application that would breach the public float requirement under Rule 8.08 of the Listing Rules is rejected. For shares held by nominee companies or in CCASS, the nominee is treated as a single Shareholder, and beneficial owners are encouraged to register their shares in their own names to individually participate in the Excess Rights allocation. These practices align with typical market norms and adhere to the Listing Rules.

From our review of Comparables, detailed under the section “3.6 Comparison with the recent rights issue transactions”, we note that 17 out of 40 also permitted the application for excess rights shares. Therefore, we consider the Company’s approach, which complies with Rule 7.21(3)(b) and Rule 8.08 of the Listing Rules, and is in line with common market practice to be fair and reasonable.

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3.4. Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis, irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that the Rights Issue is under-subscribed, the size of the Rights Issue will be reduced accordingly. It is also noted that there is no minimum subscription level or minimum amount to be raised under the Rights Issue, in line with the applicable laws in Singapore.

Considering that only 5 out of 40 of the Comparables, as outlined in the section “3.6 Comparison with Recent Rights Issue Transactions,” implemented an underwritten arrangement, and acknowledging that the Rights Issue presents an opportunity for the Group to raise capital, we are of the opinion that the Rights Issue is aligned with market practices and serves the best interests of the Company and its Independent Shareholders.

3.5. Irrevocable Undertaking

The Irrevocable Undertaking from Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc. and Mr. Renaldo Santosa ensures their acceptance of a total of 99,054,014 Rights Shares. If only Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc., Mr. Renaldo Santosa, and Japfa Ltd accept their Rights Shares, the shareholding interest of the Controlling Shareholders and Japfa Ltd will increase from approximately 37.14% to 45.27%. If they take up the maximum excess Rights Shares, their shareholding could rise further to 55.10%, with the aggregate shareholding of the Controlling Shareholders and parties acting in concert reaching 59.11%. This would trigger a mandatory general offer under Rule 26 of the Hong Kong Takeovers Code, unless the Whitewash Waiver is granted, which is then dependent on the Whitewash Waiver Resolutions.

Accordingly, the Whitewash Waiver Resolutions, which require (i) more than 50% of Independent Shareholders voting in favour of the Rights Issue, and (ii) at least 75% voting in favour of the Whitewash Waiver at the EGM, have been duly proposed and set out for consideration. The Controlling Shareholders and their concert parties will abstain from voting. Please refer to our analysis under the paragraph “Whitewash Waiver” for further details.

3.6. Comparison with the recent rights issue transactions

In evaluating the fairness and reasonableness of the terms of the Rights Issue, we have conducted a comparative analysis of recent rights issue exercises. Applying the criteria of (i) rights issues undertaken by companies listed on the Stock Exchange, and (ii) rights issues for which the relevant prospectuses were issued during the period from 1 October 2024, being approximately 6 months immediately preceding the Last Trading Day, we have identified a set of 40 comparable transactions (the “**Comparables**”). The list of Comparables below is exhaustive based on our selective criteria.

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We acknowledge that none of the Comparables share the same principal business activities of the Group, and there are differences in terms of market capitalization, financial positions and operating scale. However, in the context of rights issues, we consider that the key market dynamics, such as the level of discount to prevailing market price, underwriting arrangements and subscription structure, are often influenced by broader investor sentiment rather than solely the issuer's industry sector. Accordingly, while the Comparables are not industry-specific, we consider that they provide reasonable reference points for how the recent market generally approaches rights issues. This includes prevailing trends in pricing and structuring. We also consider that the length of the review period of six months is adequate and can fairly and reasonably reflect prevailing market conditions and captures sufficient rights issue activity for trend analysis. It should be noted that, when forming our opinion, we take into account the analysis below together with all other factors stated in this letter as a whole.

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The major terms of the Comparables are summarised below:

Prospectus Date	Company name	Principal business	Stock code	Basis of entitlement	the closing price on the last trading day	the closing price for the five consecutive trading days up to and including the last trading day	Premium/(Discount) of the subscription price over the closing price for the ex-right price based on the closing price on the last trading day	Theoretical dilution effect (%)	Excess Application	Funds raised (HK\$ million)	Underwriting
2-Oct-24	Shougang Century Holdings Limited	The company is primarily engaged in the manufacture and sale of steel cords for radial tyres used in trucks, off-road vehicles, and passenger cars, as well as sawing wires and hose wires.	103	1:5	10.00	8.20	(1.35)	(1.38)	Y	129.30	N
7-Oct-24	Guangdong - Hong Kong Greater Bay Area Holdings Limited	The company is primarily engaged in property development, sales, and property management services, while also operating a trading business focused on non-ferrous metals and chemical products within the domestic market.	1396	1:2	(22.03)	(21.77)	(15.85)	(8.28)	Y	62.41	N
22-Oct-24	Shougang Fushan Resources Group Limited	The company is primarily engaged in coking coal mining, including the exploration, production, and processing of raw and clean cooking coal in China, and owns several coal mines and a coal preparation plant.	639	1:30	1.96	2.52	1.51	(0.05)	Y	155.40	N

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Prospectus Date	Company name	Principal business	Stock code	Basis of entitlement	the closing price on the last trading day	the closing price for the five consecutive trading days up to and including the last trading day	the theoretical ex-right price based on the closing price on the last trading day	Theoretical dilution effect (%)	Excess Application	Funds raised (HK\$ million)	Underwriting
24 Oct 2024	China New Consumption Group Limited	The company is a foundation contractor primarily engaged in subcontracted bored piling and specialized foundation works, including the removal of existing foundations for urban renewal or railway projects, and also operates a construction machinery rental business.	8275	1:2	(5.66)	(7.41)	(4.76)	(2.47)	N	24.00	N
25 Oct 2024	V&V Technology Holdings Limited	The company is primarily engaged in the sales of electronic components such as integrated circuits and panels for various electronic products, and also provides independent design house services for original brand and design manufacturers.	8113	1:2	(31.51)	(26.04)	(23.47)	(10.50)	Y	24.20	N
6-Nov-24	Innovax Holdings Limited	The company is primarily engaged in providing a range of financial services, including corporate finance advisory, IPO sponsorship, compliance advisory, securities dealing, asset management, and money lending services.	2680	1:2	(67.39)	(68.35)	(59.02)	(22.78)	N	12.00	N

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Prospectus Date	Company name	Principal business	Stock code	Basis of entitlement	the closing price on the last trading day	the closing price for the five consecutive trading days up to and including the last trading day	the theoretical ex-right price based on the closing price on the last trading day	Theoretical dilution effect (%)	Excess Application	Funds raised (HK\$ million)	Underwriting
7-Nov-24	Crown International Corporation Limited	The company is primarily engaged in property investment, development, and sales in China, with additional operations in healthcare planning, hotel management, financial consultancy, and corporate office services.	727	1:2	0.0	12.3	0.0	N/A	Y	155.40	N
7-Nov-24	Palinda Group Holdings Limited	The company is primarily engaged in the wine business, including the sale and distribution of wine and grapes, as well as operating food products, investment in securities, and providing money lending services.	8179	1:2	(18.7)	(9.4)	(18.7)	(6.2)	Y	71.70	N
21-Nov-24	IRC Limited	The company is primarily engaged in the production and development of industrial commodities, with operations in iron ore mining, engineering, and the production of vanadium pent oxides and related products in China.	1029	1:2	(15.0)	(17.2)	(10.5)	(6.0)	Y	362.10	N

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Prospectus Date	Company name	Principal business	Stock code	Basis of entitlement	the closing price on the last trading day	the closing price for the five consecutive trading days up to and including the last trading day	Premium/(Discount) of the subscription price over the closing price for the theoretical ex-right price based on the closing price on the last trading day	Theoretical dilution effect (%)	Excess Application	Funds raised (HK\$ million)	Underwriting
25-Nov-24	Gaodi Holdings Limited	The company is primarily engaged in the packaging and sales of seafood products, including dried seafood, algae, fungi, seafood snacks, and frozen seafood, mainly operating in China.	1676	1:2	37.9	38.9	12.1	(0.04)	N	30.80	N
28-Nov-24	Dragon Rise Group Holdings Limited	The company is primarily engaged in foundation works in Hong Kong, including excavation, lateral support, pile cap construction, and ancillary services for commercial and residential building projects.	6829	1:1	(48.70)	(48.19)	(32.20)	(24.36)	N	93.68	Y
29-Nov-24	Kingkey Financial International (Holdings) Limited	The company is primarily engaged in providing securities brokerage, margin financing, underwriting, money lending, insurance brokerage, and asset management services, with additional operations in livestock breeding and fur sales.	1468	1:2	(2.6)	(4.3)	N/A	(1.4)	Y	417.51	N

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Prospectus Date	Company name	Principal business	Stock code	Basis of entitlement	the closing price on the last trading day	the closing price for the five consecutive trading days up to and including the last trading day	Premium/(Discount) of the subscription price over the closing price for the theoretical ex-right price based on the closing price on the last trading day	Theoretical dilution effect (%)	Excess Application	Funds raised (HK\$ million)	Underwriting
19-Dec-24	China 33 Media Group Limited	The company is primarily engaged in outdoor and digital advertising, film and entertainment investment, and prepaid card services, with operations in print media advertising, billboard and LED promotions, and distribution of film and TV rights, mainly in the domestic market.	8087	3:2	(7.41)	(8.31)	(3.10)	(4.44)	Y	62.20	N
23-Dec-24	China Water Industry Group Limited	The company is primarily engaged in the exploitation and sale of renewable energy, water supply and sewage treatment, and property investment and development, including the sale of electricity, natural gas, and commercial and residential units.	1129	1:1	(49.85)	(49.54)	(33.20)	(33.20)	N	30.80	N
31-Dec-24	Far East Holdings International Limited	The company is primarily engaged in property investment, focusing on commercial units in Hong Kong, and also operates in short-term securities investment.	36	2:1	(35.77)	(35.27)	(15.66)	(23.85)	N	417.51	Y

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Prospectus Date	Company name	Principal business	Stock code	Basis of entitlement	the closing price on the last trading day	the closing price for the five consecutive trading days up to and including the last trading day	Premium/(Discount) of the subscription price over the closing price for the theoretical ex-right price based on the closing price on the last trading day	Theoretical dilution effect (%)	Excess Application	Funds raised (HK\$ million)	Underwriting
31-Dec-24	HG Semiconductor Limited	The company is primarily engaged in the design, development, manufacturing, and sales of semiconductor products, including LED beads, lighting products, GaN chips, and fast-charging products, mainly within the domestic market.	6908	1:4	(36.00)	(40.00)	(31.03)	(8.29)	N	19.40	Y
8-Jan-25	Eminence Enterprise Limited	The company is primarily engaged in property investment and development, securities investment, and loan financing, including the ownership and rental of residential and industrial properties.	616	2:1	(8.00)	(24.34)	(13.53)	(21.30)	Y	362.10	N
10-Jan-25	Hatcher Group Limited	The company is primarily engaged in corporate finance advisory services, asset management, and securities brokerage, including placing, underwriting, and margin financing services.	8365	3:1	(31.50)	(24.01)	(10.33)	(23.62)	N	112.20	N

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Prospectus Date	Company name	Principal business	Stock code	Basis of entitlement	the closing price on the last trading day	the closing price for the five consecutive trading days up to and including the last trading day	the closing price on the last trading day	Premium/(Discount) of the subscription price over the closing price for the theoretical ex-right price based on the closing price on the last trading day	Theoretical dilution effect (%)	Excess Application	Funds raised (HK\$ million)	Underwriting
23-Jan-25	China Kingstone Mining Holdings Limited	The company is primarily engaged in the mining, processing, and trading of marble and marble-related products, with a focus on the Zhangjiaba Mine, and has also launched a virtual restaurant brand for delivery-only operations in the UK.	1380	2.5	16.28	19.62	11.11	N/A	N	N	72.75	N
27-Jan-25	Graphex Group Limited	The company is primarily engaged in the processing and sale of graphite products, including spherical graphite and graphene for renewable energy and electric vehicle applications, while also offering landscape design services and operating Thai cuisine restaurants in China and Italy.	6128	3:1	(32.00)	(28.27)	(10.53)	(24.00)	N	N	90.10	N
28-Jan-25	China Demeter Financial Investments Limited	The company is primarily engaged in the food and beverage business, including restaurant operations, alcoholic beverage distribution, money lending, financial services, children's education, and securities investment.	8120	1:2	(25.00)	(25.32)	(18.18)	(8.55)	N	N	15.58	N

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Prospectus Date	Company name	Principal business	Stock code	Basis of entitlement	the closing price on the last trading day	the closing price for the five consecutive trading days up to and including the last trading day	the theoretical ex-right price based on the closing price on the last trading day	Theoretical dilution effect (%)	Excess Application	Funds raised (HK\$ million)	Underwriting
13-Feb-25	China National Culture Group Limited	The company is primarily engaged in e-commerce, advertising, and movie production, including providing mobile device services, film production and distribution, and online product sales.	745	2:1	(31.97)	(31.51)	(2.85)	(21.29)	N	45.60	N
14-Feb-25	Mansion International Holdings Limited	The company is primarily engaged in the manufacturing and sale of baby clothing and accessories, operating through OEM business for overseas brands and OBM business under its own brand, Mides, with retail and wholesale operations in Hong Kong, China, and Macau.	8456	4:1	(22.90)	(23.50)	(5.50)	(18.80)	N	27.12	N
25-Feb-25	Xinming China Holdings Limited	The company is primarily engaged in property development, investment, and leasing, focusing on the development and sale of properties, as well as leasing out properties within the domestic market.	2699	4:1	(13.80)	(18.80)	N/A	(16.90)	N	16.20	N

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Prospectus Date	Company name	Principal business	Stock code	Basis of entitlement	the closing price on the last trading day	the closing price for the five consecutive trading days up to and including the last trading day	the theoretical ex-right price based on the closing price on the last trading day	Theoretical dilution effect (%)	Excess Application	Funds raised (HK\$ million)	Underwriting
3-Mar-25	China Wood International Holding Co., Limited	The company is primarily engaged in the trading of materials, car rental services, money lending, and financial investments, with additional operations in fund administration, public relations, and property investment.	1822	1:1	(45.00)	(48.60)	(29.10)	(24.90)	Y	119.70	N
3-Mar-25	KNT Holdings Limited	The company is primarily engaged in the manufacturing and sale of bridesmaid dresses, bridal gowns, special occasion dresses, fabrics, and accessories, mainly selling to American brand clothing companies.	1025	3:1	(9.38)	(10.22)	(2.52)	(8.08)	N	44.00	N
3-Mar-25	Royal Century Resources Holdings Limited	The company is primarily engaged in providing fitting out and engineering services, with additional operations in wine merchandising, furnishings design and procurement, money lending, financial services, and leasing construction equipment.	8125	3:1	(23.95)	(22.10)	(7.30)	(17.96)	N	44.00	N

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Prospectus Date	Company name	Principal business	Stock code	Basis of entitlement	the closing price on the last trading day	the closing price for the five consecutive trading days up to and including the last trading day	the theoretical ex-right price based on the closing price on the last trading day	Theoretical dilution effect (%)	Excess Application	Funds raised (HK\$ million)	Underwriting
3-Mar-25	Colour Life Services Group Co., Limited	The company is primarily engaged in providing property management services, including community services, pre-delivery services to property developers, consultancy, and value-added services such as online marketing and sales assistance.	1778	1:4	0.00	(2.14)	N/A	(0.43)	Y	39.10	N
5-Mar-25	Legend Strategy International Holdings Group Company Limited	The company is primarily engaged in operating budget hotels, providing hotel consultancy services, and involved in drama production, general trading, and investment through its subsidiaries.	1355	1:1	(49.71)	(49.60)	(33.08)	(24.86)	Y	94.20	N
7-Mar-25	Yues International Holdings Group Limited	The company is primarily engaged in providing logistics services, including transportation, warehousing, in-plant logistics, and customization services such as labeling and bundling.	1529	1:4	(7.14)	(20.25)	N/A	(21.74)	N	73.27	N

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Prospectus Date	Company name	Principal business	Stock code	Basis of entitlement	the closing price on the last trading day	the closing price for the five consecutive trading days up to and including the last trading day	the theoretical ex-right price based on the closing price on the last trading day	Theoretical dilution effect (%)	Excess Application	Funds raised (HK\$ million)	Underwriting
14-Mar-25	HSC Resources Group Limited	The company is primarily engaged in designing, supplying, and installing fire safety systems for buildings under construction, as well as the redevelopment, maintenance, and repair of fire safety systems for existing buildings and trading fire service accessories.	1850	4:1	(24.29)	(23.19)	N/A	(19.43)	N	30.70	N
21-Mar-25	CSI Properties Limited	The company is primarily engaged in the investment and trading of commercial and residential properties, including properties in Macau, and also participates in securities trading and investment.	497	18:10	5.88	5.14	2.04	N/A	Y	20.40	Y
24-Mar-25	China Safflower International Holding Group Limited	The company is primarily engaged in the manufacturing and sales of wires and cables, including copper and aluminum products, as well as semi-finished wires, aluminum strips, and cable accessories.	8623	1:2	(6.78)	(2.83)	(4.62)	(2.26)	N	6.07	N

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Prospectus Date	Company name	Principal business	Stock code	Basis of entitlement	the closing price on the last trading day	the closing price for the five consecutive trading days up to and including the last trading day	the closing price on the last trading day	Premium/(Discount) of the subscription price over the closing price for the theoretical ex-right price based on the closing price on the last trading day	Theoretical dilution effect (%)	Excess Application	Funds raised (HK\$ million)	Underwriting
26-Mar-25	Luxxu Group Limited	The company is engaged in the manufacture and trading of watches, including the production and sales of self-owned brand watches, as well as luxury high-end watches and jewelry, collaborating with experts in various industries.	1327	1:1	(44.44)	(44.44)	N/A	(22.22)	N	N	23.00	N
26-Mar-25	Wan Kei Group Holdings Limited	The company is principally engaged in the provision of foundation works, with additional segments in land exploration, finance, and the trading of beauty and skin care products.	1718	1:1	(29.82)	(31.97)	(17.53)	(17.64)	N	N	61.36	N
28-Mar-25	Stream Ideas Group Limited	The company is primarily engaged in providing online advertising services, including social viral, engager, and mass blogging services. It operates platforms with front-end user interfaces, such as websites and mobile applications, to deliver these services.	8401	2:1	(15.00)	(16.50)	(5.56)	(11.58)	N	N	1,492.00	N

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Prospectus Date	Company name	Principal business	Stock code	Basis of entitlement	the closing price on the last trading day	the closing price for the five consecutive trading days up to and including the last trading day	the theoretical ex-right price based on the closing price on the last trading day	Theoretical dilution effect (%)	Excess Application	Funds raised (HK\$ million)	Underwriting
TBC	Yuzhou Group Holdings Company Limited	Yuzhou Group Holdings Co Ltd is involved in multiple sectors within the property industry. The company covers a broad spectrum of real estate activities from development and investment to management and hospitality.	1628	49:100	(73.68)	(72.99)	(65.28)	(24.23)	Y	40.80	N
TBC	Global Strategic Group Limited	The Company is an investment holding company engaged in natural gas operations, including sales, project investments, and pipeline installation, as well as leasing and technical support services. It also provides e-commerce solutions and consulting.	8007	4:1	(12.50)	(14.10)	(3.20)	(11.30)	Y	6.07	Y
TBC	Elife Holdings Limited	The company is an investment holding company specializing in supply chain services, branded goods, consumer products, and digital services.	223	1:1	(6.54)	(9.91)	(9.09)	(0.61)	Y	69.40	N

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In evaluating the fairness and reasonableness of the terms of the Rights Issue, we have conducted an analysis of Comparables. The assessment focuses on key pricing considerations and market practices. Specifically, our analysis covers the discount levels of the subscription price, the theoretical dilution effect, and the adoption of compensatory arrangements.

Our analysis of the Comparables indicates that it is common market practice for listed companies to set the subscription price of rights issues at a discount to the prevailing closing price on the last trading day prior to the rights issue announcement (the “**LTD Price**”) and the theoretical ex-rights price (the “**Ex-right Price**”) based on the LTD Price. Among the Comparables, the discounts to the LTD Price ranged from approximately 73.68% to a premium of 37.90%, with a mean and median of approximately a discount of 20.46% and 20.37%, respectively. The discounts to the Ex-right Price ranged from approximately 65.28% to a premium of 12.10%, with a mean and median of approximately 14.01% and 10.42%, respectively. The Subscription Price discount in this case, at approximately 29.11% and 22.76% to the LTD Price and Ex-right Price, respectively, is higher than the mean and median but remains within the observed range, aligning with market norms. Considering the above and that the proposed Rights Issue seeks to strengthen the Group’s financial position, reduce gearing, and improve flexibility in challenging operating environment (as elaborated under the paragraph headed “2.1 Funding Needs” above) and the objective of encouraging shareholder participation, we consider the discount level to be fair and reasonable.

Based on the Comparables, the theoretical dilution effect ranged from approximately 0.04% to 33.20%, with a mean and median of approximately 14.03% and 16.90%, respectively. The theoretical dilution effect of the Rights Issue, approximately 8.23%, is lower than the mean and the median but remains within the observed range of the Comparables. Notably, 22 Comparables exhibited similar or higher dilution effects. Given the above and the Company’s strengthened financial position, through reduced gearing, and improved flexibility, and challenging market conditions (as further elaborated under the paragraphs headed “2.1 Funding Needs” and “2.3 Financial Effect” above), the theoretical dilution effect is considered reasonable.

3.7. Section summary

Having taken into account that the Subscription Price of HK\$1.12 per Rights Share represents a discount to recent market prices, reflecting prevailing market conditions and the historical trading illiquidity of the Group’s Shares, we note the following: (i) a discount of approximately 30.00% to the closing price on the Latest Practicable Date and 29.11% to the Last Trading Day, (ii) a discount of approximately 29.11% to the average closing prices over the five trading days up to and including the Last Trading Day, and (iii) a theoretical dilution effect of approximately 8.23%, represented by a discount of the theoretical diluted price to the benchmarked price under Rule 7.27B of the Listing Rules. Given these factors and considering that the terms of the Rights Issue are comparable to market practices, the Rights Issue is seen as a reasonable and viable means for the Group to strengthen its financial position. Therefore, the Rights Issue is considered fair and reasonable for the Company and the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. The Whitewash Waiver

As at the Latest Practicable Date, assuming (i) there is no change in the issued share capital of the Company from the Last Trading Date up to and including the Record Date, and (ii) no Qualifying Shareholders accept any Rights Shares provisionally allotted to them other than Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc., and Mr. Renaldo Santosa, who have undertaken to accept 99,054,014 Rights Shares under the Irrevocable Undertaking, and Japfa Ltd, which has accepted its entitlement to 5,014,415 Rights Shares, the shareholding interest of the Controlling Shareholders and Japfa Ltd will increase from approximately 37.14% to 45.27% of the enlarged issued share capital of the Company upon completion of the Rights Issue. The aggregate shareholding interest of the Controlling Shareholders and parties acting in concert, or presumed to be acting, with them will increase from approximately 42.75% to 50.15%.

For illustrative purposes, assuming that the Controlling Shareholders, Rangi Management Limited, Tasburgh Limited, Tallowe Services Inc., and Japfa Ltd apply for and are allotted the maximum excess Rights Shares permitted under Rule 7.21(3)(b) of the Listing Rules, being 176,116,815 Rights Shares, the shareholding interest of the Controlling Shareholders and Japfa Ltd would further increase to 55.10%, and the aggregate shareholding interest of the Controlling Shareholders and parties acting in concert, or presumed to be acting, with them would further increase to 59.11% upon completion of the Rights Issue. In such case, as the Controlling Shareholders and Concert Parties would hold more than 50% of the voting rights in the Company, any further increase in voting rights by the Controlling Shareholders and Concert Parties would no longer incur any obligation under Rule 26 of the Takeovers Code to make a general offer for the Shares not already owned or agreed to be acquired by them.

We also note that the Group's business model has remained consistent since Listing, focused on dairy and cattle farming operations in the PRC. Based on our review, the proposed Rights Issue does not represent a shift in the Group's strategic direction. Rather, it is intended to stabilise the Group's capital base and support the sustainability of its existing operations. In this context, we consider that the granting of the Whitewash Waiver would not prejudice the interests of the Independent Shareholders. The potential triggering of a mandatory general offer obligation under the Takeovers Code (in the event of a low response from the Independent Shareholders to the Rights Issue) arises from the level of participation in the Rights Issue by the Independent Shareholders. On the contrary, as discussed under the paragraph headed "Suitable fund raising method", the Rights Issue is structured to benefit all shareholders proportionally by strengthening the Group's financial position. As there is no change in the Group's business strategy, shareholders are not being presented with a fundamentally altered investment proposition. As such, we consider that the Rights Issue, and the Whitewash Waiver sought in connection with it, maintain the principle that all shareholders are treated even-handedly, while allowing the Group to address its short-term liquidity needs without requiring a change in shareholder structure, except in the event that the Independent Shareholders choose not to take up their rights and entitlements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In this scenario, the acceptance in full by the Controlling Shareholders and/or parties acting in concert, or presumed to be acting, with them of their provisional allotment of Rights Shares, together with any excess Rights Shares they are allotted, would trigger an obligation under Rule 26 of the Hong Kong Takeovers Code to make a mandatory general offer for all the Shares not already owned or agreed to be acquired by them. This obligation would be waived only if the Whitewash Waiver is granted by the Executive and the Whitewash Waiver Resolutions is approved by the Independent Shareholders at the EGM. The Whitewash Waiver Resolutions include the approval of both the Rights Issue and the Whitewash Waiver, require (i) more than 50% of the independent votes cast by Independent Shareholders in favour of the Rights Issue, and (ii) at least 75% of the independent votes cast in favour of the Whitewash Waiver at the EGM. The Controlling Shareholders and their concert parties will abstain from voting on these resolutions.

An application has been made by the Controlling Shareholders to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Takeovers Code. The Whitewash Waiver if granted by the Executive, would be subject to, among other things, the passing of the EGM Resolutions, i.e., resolutions approving (i) the Rights Issue by more than 50% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM, as required under the Hong Kong Takeovers Code; and (ii) the Whitewash Waiver by at least 75% of the independent votes that are cast either in person or by proxy by the Independent Shareholders at the EGM. Shareholders other than Independent Shareholders shall abstain from voting on the EGM Resolutions at the EGM.

Based on our analysis of the benefits and terms of the Rights Issue, including (i) the need to raise funds to repay short-term debts and enhance the Company's liquidity; (ii) the benefits of the Rights Issue, such as strengthening the Group's financial position, reducing debt, and providing flexibility for future growth; (iii) the potential dilution effect, which only affects (a) Qualifying Shareholders who choose not to participate and (b) Non-Qualifying Shareholders, who are unable to participate due to regulatory and legal restrictions. Non-Qualifying Shareholders, as set out in the section "Rights of Overseas Shareholders" in the "Letter from the Board" will potentially receive any net proceeds (over HK\$100) from the sale of their nil-paid Rights Shares in the market, if a premium can be obtained, as a form of compensation; and (iv) the Group's intention to continue developing its business strategy as outlined at the time of listing, we consider that the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole. As such, we are of the view that the approval of the Whitewash Waiver, which is a prerequisite for the implementation of the Rights Issue, is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole for the purpose of proceeding with the Rights Issue. Additionally, it is important to note the continuity of the Company's business since its Listing, which remains unchanged, and the fact that the Rights Issue is not intended to alter the Company's ongoing business strategy.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATIONS

(a) Rights Issue

Having considered the following:

- a. the Rights Issue address the Group's net current liabilities position and short-term debt burden, with targeted gross proceeds at approximately HK\$313.8 million (representing around 28.4% of the Company's market capitalisation);
- b. the Irrevocable Undertakings assure at least HK\$110.9 million will be raised, providing funding support even in the event of under-subscription;
- c. the proposed use of proceeds, as detailed under section "2.1 Funding Needs" addresses the Group's financial position, with a focus on repaying short-term borrowings, providing flexibility for future growth;
- d. the potential dilution effect, which only affects (a) Qualifying Shareholders who choose not to participate and (b) Non-Qualifying Shareholders, who, due to regulatory or legal restrictions are unable to participate in the Rights Issue. Non-Qualifying Shareholders, as set out in the section "Rights of Overseas Shareholders" in the "Letter from the Board" will potentially receive any net proceeds (over HK\$100) from the sale of their nil-paid Rights Shares in the market, if a premium can be obtained, as a form of compensation;
- e. the Group's intention to continue developing its business strategy as outlined at the time of listing;
- f. the fact that the Rights Issue is the most suitable fundraising method to the Group under the current circumstances; and
- g. the terms of the Rights Issue are consistent with prevailing market practices, as evidenced by our review of recent rights issue transactions discussed in section "3.6 Comparison with recent rights issue transactions".

We are of the view that the Rights Issue is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Rights Issue.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(b) Whitewash Waiver

Having considered the following:

- a. the Whitewash Waiver is conditional upon the approval of the Rights Issue and its terms;
- b. the resulting change in shareholding of the Controlling Shareholders and their concert parties and the potential dilution effect would be a consequence of the Rights Issue from the non-participation of the Non-Qualifying Shareholders (who are ineligible) and any decision by Qualifying Shareholders not to subscribe to their entitlements;
- c. the Non-Qualifying Shareholders will potentially receive any net proceeds (over HK\$100) from the sale of their nil-paid Rights Shares in the market, if a premium can be obtained, as a form of compensation;
- d. the Rights Issue (and by extension the Whitewash Waiver) does not represent a shift in the Group's business strategy since Listing and is intended to stabilize the Group's capital base; and
- e. the Whitewash Waiver maintains the principle that all Shareholders are treated even-handedly, while allowing the Group to address its short-term liquidity needs without requiring a change in shareholder structure, except in the event that the Independent Shareholders choose not to take up their rights and entitlements.

We are of the view that the Whitewash Waiver is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution(s) to be proposed at the EGM to approve the Whitewash Waiver.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As different Independent Shareholders would have different investment criteria, objectives or risk appetite and profiles, we recommend any Independent Shareholders who may require advice in relation to any aspect of the Circular, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,
For and behalf of
Altus Capital Limited

Arnold Ip
Responsible Officer

Charlotte Khoo
Responsible Officer

Mr. Arnold Ip (“Mr. Ip”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO and permitted to undertake work as a sponsor. He is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Mr. Ip has over 35 years of experience in banking, corporate finance advisory and investment management. In particular, he has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance advisory transactions.

Ms. Charlotte Khoo (“Ms. Khoo”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. Ms. Khoo has about 15 years of experience in corporate finance and advisory in Hong Kong, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser and independent financial adviser in various corporate finance transactions. Ms. Khoo is a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three financial years ended 31 December 2024 are disclosed in the following documents which have been published on the website of the Stock Exchange at www.hkexnews.hk and the Company at www.austasiadairy.com:

- (a) the annual report of the Company for the year ended 31 December 2024 published on 22 April 2025 (pages 140 to 273): <https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0422/2025042200321.pdf>
- (b) the annual report of the Company for the year ended 31 December 2023 published on 29 April 2024 (pages 131 to 270): <https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042902876.pdf>
- (c) the annual report of the Company for the year ended 31 December 2022 published on 26 April 2023 (pages 138 to 282): <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0426/2023042600117.pdf>

Set out below is a summary of the consolidated financial information of the Group for the three years ended 31 December 2024:

	For the year ended 31 December		
	2024	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3,683,841	3,924,360	3,802,915
Cost of sales	(3,666,842)	(3,906,318)	(3,788,788)
Gains arising on initial recognition of raw milk at fair value less costs to sell at the point of harvest	564,084	694,044	843,216
(Losses)/gains arising from changes in fair value less cost to sell of beef cattle	(90,047)	(3,624)	25,648
Gross profit	491,036	708,462	882,991
Other income and gains	66,961	94,691	50,281
Losses arising from changes in fair value less costs to sell of other biological assets	(1,260,646)	(667,883)	(158,183)
Selling and distribution expenses	(4,855)	(2,894)	(2,899)
Research and development expenses	(13,587)	–	–
Administrative expenses	(231,529)	(225,553)	(334,442)
Reversal of impairment/(impairment losses) on financial assets	20	(97,000)	–
Other expenses	(15,616)	(10,826)	(46,027)
Finance costs	(282,295)	(268,948)	(219,797)

	For the year ended 31 December		
	2024	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit before tax	(1,250,511)	(469,951)	171,924
Income tax expense	(18,776)	(18,840)	(13,845)
(Loss)/profit for the year	(1,269,287)	(488,791)	158,079
Attributable to:			
Owners of the parent	(1,269,287)	(488,791)	158,079
Non-controlling interests	–	–	–
(Loss)/earnings per share attributable to ordinary equity holders of the parent			
Basic			
–For (loss)/profit for the year	RMB(1.81)	RMB(0.70)	RMB0.25
Diluted			
– For (loss)/profit for the year	RMB(1.81)	RMB(0.70)	RMB0.25
Total comprehensive (loss)/income for the year attributable to:			
Owners of the parent	(1,269,287)	(501,623)	128,100
Non-controlling interests	–	–	–

No dividend was paid or proposed by the Company during the three years ended 31 December 2024. There are no items of income or expense which are material during the three years ended 31 December 2024.

Ernst & Young is the auditor of the Company. No modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the Company's auditors' report for the two financial years ended 31 December 2022 and 2023. Material uncertainty related to going concern was contained in the Company's auditors' report for the year ended 31 December 2024, which refers to the fact that the Group had net current liabilities of approximately RMB1,252 million and the Group's total bank borrowings amounted to RMB3,498 million, of which RMB2,462 million will be due for repayment within one year from 31 December 2024, while its cash and cash equivalents amounted to RMB282 million. The Group incurred a net loss of RMB1,269 million for the year ended 31 December 2024. These conditions, along with other matters as set forth in note 2.1 to the consolidated financial statements as contained in the annual report of the Company for the year ended 31 December 2024, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The Company's auditors' opinion is not modified in respect of this matter.

2. STATEMENT OF FINANCIAL POSITION IN THE LAST PUBLISHED AUDITED ACCOUNTS

	As at 31 December 2024 RMB'000
NON-CURRENT ASSETS	
Property, plant and equipment	3,159,924
Right-of-use assets	1,400,676
Other intangible assets	3,506
Biological assets	2,905,038
Other long-term assets	8,446
Long-term receivable	4,580
	<hr/>
Total non-current assets	7,482,170
Current Assets	
Inventories	1,151,662
Biological assets	419,136
Trade receivables	296,703
Prepayments, other receivables and assets	239,641
Cash and cash equivalents	281,921
Pledged deposits and restricted cash	842
	<hr/>
Total current assets	2,389,905
Current Liabilities	
Trade payables	692,302
Other payables and accruals	390,991
Interest-bearing bank borrowings	2,462,495
Lease liabilities	84,536
Deferred income	4,871
Tax payable	6,864
	<hr/>
Total current liabilities	3,642,059
NET CURRENT LIABILITIES	(1,252,154)
	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES	6,230,016
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	As at 31 December 2024 <i>RMB'000</i>
NON-CURRENT LIABILITIES	
Interest-bearing bank borrowings	1,035,897
Deferred tax liabilities	4,335
Deferred income	25,769
Lease liabilities	<u>1,356,503</u>
 Total non-current liabilities	 <u>2,422,504</u>
 Net assets	 <u>3,807,512</u>
EQUITY	
Equity attributable to owners of the parent	
Share capital	2,435,712
Reserves	<u>1,371,800</u>
 Total equity	 <u><u>3,807,512</u></u>

3. INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2025, being the latest practicable date for the purpose of ascertaining information contained in this indebtedness statement prior to the printing of this circular, the details of the Group's indebtedness are as follows:

	As at 31 March 2025 <i>(RMB'000)</i> unaudited
Current	
Interest-bearing bank borrowings – secured	2,143,524
Current position of long-term interest-bearing bank borrowings – secured	458,989
Lease liabilities	79,708
Non-current	
Interest-bearing bank borrowings – secured	944,689
Lease liabilities	1,342,365

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables and contract liabilities, as at the close of business on 31 March 2025, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, debt securities, term loans and other borrowings, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

4. WORKING CAPITAL SUFFICIENCY

Taking into account the financial resources available to us, including the estimated net proceeds from the Rights Issue, cash flow generated from operations, bank facilities available to us and cash and cash equivalents on hand, the Directors believe that, the working capital available to the Group is sufficient for the Group's requirements for at least 12 months from the date of the Circular.

5. MATERIAL CHANGES

The Group's cash and cash equivalents as at 30 April 2025 decreased by approximately RMB56.5 million or 20.1% compared to that as at 31 December 2024, primarily due to repayment of bank loans and land lease payments.

Save as disclosed above, as at the Latest Practicable Date, the Directors confirmed that there has been no material change in the financial or trading position or outlook of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up, up to and including the Latest Practicable Date.

6. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Though the Group looks forward to a positive shift in the consumer markets in the second half year, the Group will still focus on taking actions to further improve milk yield and to enhance efficiency. On one hand, the Group will make relentless efforts to develop new customers and expand our customer base. On the other hand, the Group will continue to take effective measures to lower our feed costs like what the Group has been doing since 2023. To enhance the Group's advanced position in genetics and breeding, the Group will continue to strengthen the operation of IVF laboratory and Wagyu heifer selection, as well as Wagyu IVF productions and transplantations.

For 2025, the Group targets to reach a higher level of milk yield than 2024, which will continue to keep us in the unchallenged leading position in China.

The Group will also complete the upgrade of beef cattle herd structure from Holstein to Wagyu and Angus. Moreover, the Group's feed mill will significantly increase its sales volume to 3rd party farms. The Group believes 2025 is an important year for its longer-term growth, and the Group will become stronger once this industrial downturn comes to an end.

On 26 March 2025, the Company executed a US\$8 million facility agreement with a financial institution (“**Facility Agreement A**”). The facility serves as a term loan facility, with a condition subsequent requiring the Group to provide evidence of successful refinancing of a facility agreement entered into between Chifeng AustAsia Modern Dairy Farm Co., Ltd. (赤峰澳亞現代牧場有限公司), a subsidiary of the Company, and other financial institutions no later than 28 November 2025 (as amended by an amendment letter dated 30 May 2025), failing which would constitute an event of default which may cause Facility Agreement A to become immediately payable should the financiers of Facility Agreement A enforce their rights under the loan agreement.

On 30 April 2025, the Company executed an amendment and restatement deed in relation to its existing US\$29 million facility agreement dated 3 May 2023 (as previously amended by an amendment deed dated 25 January 2024) with a financial institution (“**Facility Agreement B**”). The facility serves as a term loan facility, with a condition subsequent requiring the Group to provide evidence of successful refinancing of a facility agreement entered into between Chifeng AustAsia Modern Dairy Farm Co., Ltd. (赤峰澳亞現代牧場有限公司), a subsidiary of the Company, and other financial institutions no later than 28 November 2025, failing which would constitute an event of default which may cause Facility Agreement B to become immediately payable should the financier of Facility Agreement B enforce their rights under the loan agreement.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of the Rights Issue on the consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had taken place on 31 December 2024.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company has been prepared for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, it may not give a true picture of the consolidated financial position of the Group following the Rights Issue.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2024	Estimate net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue	Audited consolidated net tangible assets of the Group attributable to the owners of the Company per share as at 31 December 2024	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share as immediately after the completion of the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share as immediately after the completion of the Rights Issue
	RMB'000	RMB'000	RMB'000	RMB	RMB	HK\$
Based on 280,185,244 Rights Shares to be issued at Subscription Price of HK\$1.12 per Rights Share	3,804,006	285,927	4,089,933	5.43	4.17	4.50

Notes:

- The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2024 is extracted from the published consolidated financial statements for the year ended 31 December 2024 of the Company, which is equal to the audited consolidated net assets of the Group attributable to owners of the Company as at 31 December 2024 of RMB3,807,512,000, after deducting intangible assets of RMB3,506,000.
- The estimated net proceeds from the Rights Issue of approximately RMB285,927,000, is calculated based on 280,185,244 Rights Shares assuming to be issued on the completion of the Rights Issue at the Subscription Price of HK\$1.12 per Rights Share and after deduction of estimated related expenses of approximately RMB4,635,000.

3. The audited consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 December 2024 was RMB5.43, which was based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2024 of RMB3,804,006,000, divided by 700,463,112 Shares.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share as at 31 December 2024 immediately after the completion of the Rights Issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issues of approximately RMB4,089,933,000, divided by 980,648,356 Shares which represents 700,463,112 Shares and 280,185,244 Rights Shares, assuming the Rights Issue has been completed on 31 December 2024.
5. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per share as at 31 December 2024 is converted to Hong Kong dollars at an exchange rate of RMB1 to HK\$1.08. No representation is made that Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate or at all.
6. No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2024.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a letter received from the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular, in respect of the pro forma financial information of the Group.



Ernst & Young
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Quarry Bay, Hong Kong

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To the Directors of AustAsia Group Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of AustAsia Group Ltd. (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at 31 December 2024, and related notes as set out in Part A of Appendix II of the circular dated 5 June 2025 (the “Circular”) issued by the Company (the “Unaudited Pro Forma Financial Information”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in notes in Part A of Appendix II.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Rights Issue of the Company on the Group's financial position as at 31 December 2024 as if the transaction had taken place at 31 December 2024. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2024, on which an audit report has been published.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline (“AG”) 7 Preparation of *Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Rights Issue of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors

in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

5 June 2025



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Company Licence No.: C-030171

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公司牌照號碼：C-030171

The Board of Directors
AustAsia Group Ltd.
400 Orchard Road
#15-08
Orchard Towers
Singapore 238875

5 June 2025

Dear Sirs,

In accordance with your instructions to value the property interests held by **AustAsia Group Ltd.** (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”) which constitute all of the property interests held by the Group, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 31 March 2024 (the “**valuation date**”).

Our valuation is carried out on a market value basis. Market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Where, due to the nature of the buildings and structures of the properties, there are unlikely to be relevant market comparable sales readily available, the relevant property interests have been valued by the cost approach with reference to their depreciated replacement cost.

Depreciated replacement cost is defined as “the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization.” It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of the land portion, reference has been made to the sales evidence as available in the

locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; Rule 11 of the Code on Takeovers and Mergers issued by Securities and Futures Commission; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Grant Contracts, Real Estate Title Certificates and Building Ownership Certificates and other official documents relating to the property interests in the PRC and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the legal opinion dated 30 April 2025 given by the Company's PRC Legal Adviser – Global Law Office, concerning the validity of the property interests in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects is satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out from in April 2025 by 3 technical staff including Joan Zhu, Queena Qiao and Stone Chen. They are China Land Valuer, China Real Estate Appraiser or have more than 8 years' experience in the valuation of properties.

Climate change, sustainability, resilience, and ESG are increasingly influencing investment approaches as they may affect prospects for rental and capital growth, and susceptibility to obsolescence. Properties that do not meet the sustainability characteristics expected in the market may represent a higher investment risk, particularly as occupiers become more conscious of ESG impacts on operational workspace, which could impact on vacancy and rental levels. This view is supported by RICS in their recently published guidance note "Sustainability and ESG in commercial property valuation and strategic advice (2nd Edition)."

While some of the sustainability and ESG initiatives are considered subjective and intangible, they cannot always be demonstrated with quantifiable evidence. Based on our research and local market knowledge, there is not yet any direct and tangible evidence of ESG being reflected in specific investment behaviours and/or pricing considerations for assets of a similar nature to the subject property, although it is acknowledged that ESG criteria is forming part of an increasing number of investment mandates. However more tangible benefits such as energy efficiency are realisable in operational costs. We have not undertaken full asset and market investigations in this regard. Whilst there is currently no direct and tangible evidence to suggest that the market is making pricing adjustments for ESG, we will continue to monitor market movements and sentiment.

As at the valuation date, unless otherwise stated, the monetary figures stated in our valuations are in Renminbi ("RMB") in respect of all the properties. The exchange rate adopted in our valuation is Hong Kong Dollar ("HKD") 1=Renminbi ("RMB") 0.9228.

As advised by the Group, the potential tax liabilities would arise on the disposal of the property interests in the PRC. The tax liabilities mainly comprise value-added tax at the rate of 9%, stamp duty at the rate of 0.05% of the contract price, land appreciation tax at progressive rates ranging from 30% to 60% on the appreciated amount (being the proceeds of sales of the property less deductible expenditure including costs of land, development and construction) and enterprise income tax at the rate of 25% on the gain.

In respect of the properties held and occupied by the Group for dairy farm, beef cattle feedlots and ancillary purposes, the likelihood of the relevant tax liabilities crystallizing is remote as the Group has no plans for the disposal of such properties yet.

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,

For and on behalf of

Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Eddie T. W. Yiu

MHKIS, MRICS, R.P.S. (GP)

Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 31 years' experience in the valuation of various sectors of the property industry in Hong Kong and experience in the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Property interests held by the Group in the PRC

No.	Property	Market value in existing state as at 31 March 2025 RMB	Interest attributable to the Group	Market value attributable to the Group as at 31 March 2025 RMB
1.	5 buildings and various structures of Dongying AustAsia Modern Dairy Farm located at the northern side of Guangqing Road, Dingzhuang Town, Guangrao County, Dongying City, Shandong Province, the PRC	No commercial value <i>(Refer to the note)</i>	100%	No commercial value <i>(Refer to the note)</i>
2.	20 buildings and various structures of Tai'an AustAsia Modern Dairy Farm located at the western side of Yiguo Road, the northern side of Zhangling Village, Bianyuan Town, Feicheng City, Tai'an City, Shandong Province, the PRC	No commercial value <i>(Refer to the note)</i>	100%	No commercial value <i>(Refer to the note)</i>
3.	18 buildings and various structures of Dongying Xianhe AustAsia Modern Dairy Farm located at the southern side of Zhendong Road, Xianhe Town, Hekou District, Dongying City, Shandong Province, the PRC	No commercial value <i>(Refer to the note)</i>	100%	No commercial value <i>(Refer to the note)</i>
4.	16 buildings and various structures of Dongying Shenzhou AustAsia Modern Dairy Farm located at the northern side of Zhendong Road, Xianhe Town, Hekou District, Dongying City, Shandong Province, the PRC	No commercial value <i>(Refer to the note)</i>	100%	No commercial value <i>(Refer to the note)</i>

No.	Property	Market value in existing state as at 31 March 2025 RMB	Interest attributable to the Group	Market value attributable to the Group as at 31 March 2025 RMB
5.	23 buildings and various structures of Dongying Shenzhou AustAsia Modern Dairy Farm (Xinhu) located at Dongxing Village, Xinhu Town, Hekou District, Dongying City, Shandong Province, the PRC	No commercial value (Refer to the note)	100%	No commercial value (Refer to the note)
6.	A parcel of land, 5 buildings and various structures of Chifeng AustAsia Modern Dairy Farm located at Chagan Haote Gacha, Shao Gen Town, Ar Horqin Banner, Chifeng City, Inner Mongolia Autonomous Region, the PRC	9,570,000 (Equivalent to HKD10,371,000) (Refer to the note)	100%	9,507,000 (Equivalent to HKD10,371,000) (Refer to the note)
7.	A parcel of land, 13 buildings and various structures of Chifeng AustAsia Modern Dairy Farm Zhagasitai Branch located at Dengjige Group, Tugu Rental Gacha, Zhagasitai Town, Ar Horqin Banner, Chifeng City, Inner Mongolia Autonomous Region, the PRC	2,090,000 (Equivalent to HKD2,265,000) (Refer to the note)	100%	2,090,000 (Equivalent to HKD2,265,000) (Refer to the note)
8.	9 buildings and various structures of Chifeng AustAsia Modern Dairy Farm (Tongxi Branch) located at Tongxi Gacha, Balaqirude Sumu, Ar Horqin Banner, Chifeng City, Inner Mongolia Autonomous Region, the PRC	No commercial value (Refer to the note)	100%	No commercial value (Refer to the note)

No.	Property	Market value in existing state as at 31 March 2025 RMB	Interest attributable to the Group	Market value attributable to the Group as at 31 March 2025 RMB
9.	11 buildings and various structures of Chifeng AustAsia Modern Dairy Farm (Beef Branch) located at Tongxi Gacha, Balaqirude Sumu, Ar Horqin Banner, Chifeng City, Inner Mongolia Autonomous Region, the PRC	No commercial value <i>(Refer to the note)</i>	100%	No commercial value <i>(Refer to the note)</i>
10.	15 buildings and various structures of Dongying AustAsia Beef Farm located at No. 168 North of Bingu Road and East of Tiao River, Hekou District, Dongying City, Shandong Province, the PRC	No commercial value <i>(Refer to the note)</i>	100%	No commercial value <i>(Refer to the note)</i>
11.	12 buildings and various structures of Pure Source Dairy Farm No. 1 located at Zhaoliulin Community, Yanbei Street, Qihe County, Dezhou City, Shandong Province, the PRC	No commercial value <i>(Refer to the note)</i>	100%	No commercial value <i>(Refer to the note)</i>
12.	11 buildings and various structures of Pure Source Dairy Farm No. 2 located at North of Shiliwu Village, Pandian Town, Qihe County, Dezhou City, Shandong Province, the PRC	No commercial value <i>(Refer to the note)</i>	100%	No commercial value <i>(Refer to the note)</i>

No.	Property	Market value in existing state as at 31 March 2025 RMB	Interest attributable to the Group	Market value attributable to the Group as at 31 March 2025 RMB
13.	20 buildings and various structures of Pure Source Dairy Farm No. 3 located at South of Nanbei Community, Yanbei Street, Qihe County, Dezhou City, Shandong Province, the PRC	No commercial value (Refer to the note)	100%	No commercial value (Refer to the note)
14.	Shandong AustAsia Feed Farm located at the junction of Yongguan Road and Xi Wei San Road, Kenli District, Dongying City, Shandong Province, the PRC	91,290,000 (Equivalent to HKD98,927,000)	100%	91,290,000 (Equivalent to HKD98,927,000)
	Total:	102,950,000 (Equivalent to HKD111,563,000)		102,950,000 (Equivalent to HKD111,563,000)

Note: We have attributed no commercial value to the whole / portions of the buildings and structures of properties due to the lack of Building Ownership Certificates and/or the properties in leased land nature. For reference purposes, we are of the opinion that the depreciated replacement cost of these buildings and structures of the properties would be RMB1,774,050,000 (equivalent to HKD1,922,464,000).

THE COMPANY AND ITS SUBSIDIARIES

We listed all relevant companies and the equity interests as below:

Holding Entity	Abbreviation	Equity interests owned by the Company
AustAsia Group Ltd.	the Company	
Dongying AustAsia Modern Dairy Farm Co., Ltd. 東營澳亞現代牧場有限公司	DYAA	100%
Tai'an AustAsia Modern Dairy Farm Co., Ltd. 泰安澳亞現代牧場有限公司	TAAA	100%
Dongying Xianhe AustAsia Modern Dairy Farm Co., Ltd. 東營仙河澳亞現代牧場有限公司	DXAA	100%
Dongying Shenzhou AustAsia Modern Dairy Farm Co., Ltd. 東營神州澳亞現代牧場有限公司	DSAA	100%
Dongying Shenzhou AustAsia Modern Dairy Farm Co., Ltd. Xinhu Branch 東營神州澳亞現代牧場 有限公司新戶分公司	XHAA	100%
Chifeng AustAsia Modern Dairy Farm Co., Ltd. 赤峰澳亞現代牧場有限公司	CFAA	100%
Chifeng AustAsia Modern Dairy Farm Co., Ltd. Zhagasitai Branch 赤峰澳亞現代牧場有限公司紫 嘎斯台分公司	CAAA	100%
Chifeng AustAsia Modern Dairy Farm Co., Ltd. Tongxi Branch 赤峰澳亞現代牧場有限公司通希 分公司	TXAA	100%
Chifeng AustAsia Modern Dairy Farm Co., Ltd. Beef Branch 赤峰澳亞現代牧場有限公司通希分 公司(肉牛)	CFAB	100%
Dongying AustAsia Beef Co., Ltd. 東營澳亞肉牛 養殖有限公司	DYAB	100%
Pure Source Dairy Farm Co., Ltd. (No. 1 Farm) 醇源牧場有限公司(一牧)	PS1	100%
Pure Source Dairy Farm Co., Ltd. (No. 2 Farm) 醇源牧場有限公司(二牧)	PS2	100%
Pure Source Dairy Farm Co., Ltd. (No. 3 Farm) 醇源牧場有限公司(三牧)	PS3	100%
Shandong AustAsia Feed Technology Co., Ltd. 山東澳亞飼料科技有限公司	AAFT	100%

VALUATION CERTIFICATE

Property interests held by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
1.	5 buildings and various structures of Dongying AustAsia Modern Dairy Farm located at the northern side of Guangqing Road, Dingzhuang Town, Guangrao County, Dongying City, Shandong Province, the PRC	<p>The property comprises 5 buildings and various structures which were completed in various stages between 2009 and 2023.</p> <p>The 5 buildings have a total gross floor area of approximately 8,778.63 sq.m., mainly including a dormitory building, production workshops and ancillary buildings. The structures mainly include cowsheds, boundary walls, roads, pools, yards, hay sheds, and shelters.</p> <p>The property is erected on a parcel of leased land.</p>	As at the valuation date, the property was occupied by the Group for office, dormitory, production, cattle breeding and ancillary purposes.	No commercial value

Notes:

1. Pursuant to a Land Lease Contract dated 10 August 2009 entered into between Dongying AustAsia Modern Dairy Farm Co., Ltd. (東營澳亞現代牧場有限公司, "DYAA", a wholly-owned subsidiary of the Company) and the People's Government of Dingzhuang Town, Guangrao County (廣饒縣丁莊鎮人民政府), the land use rights of a parcel of land with a site area of approximately 506,660.20 sq.m. (760 Mu), on which the property is erected, were leased to DYAA for a term of 40 years commencing from 10 August 2009 at an annual rental of approximately RMB200 per year per Mu as at the valuation date.
2. Pursuant to a Building Ownership Certificate – Dong Ying Shi Fang Quan Zheng Guang Rao Xian Zi Di Ding Zhuang No. 20090005, 5 buildings with a total gross floor area of approximately 988.63 sq.m. (including 2 buildings of the property) are owned by DYAA. As advised by DYAA, among which, 3 buildings with a total gross floor area of approximately 671.56 sq.m. had been demolished up to the valuation date.
3. There are another 3 buildings with a total gross floor area of approximately 8,461.56 sq.m. erected on the subject land. In the valuation of this property, we have attributed no commercial value to the property due to the leased land nature. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the 9 buildings and the structures as at the valuation date would be RMB72,360,000 (equivalent to HKD78,414,000).
4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. The Land Lease Contract mentioned in note 1 is legal and valid. DYAA has the rights to use the land according to the terms stipulated in the Land Lease Contract;
 - b. According to the relevant documents issued by local authorities, the buildings and structures of the property were classified as production facilities and ancillary facilities constructed on facility agricultural land. Also, the facility agricultural land project has been approved for record-filing by the local authorities. DYAA legitimately holds the ownership rights of the buildings and structures of the property, with its rights and interests fully protected under PRC laws. There are no existing property disputes, and DYAA is authorized to occupy and utilize these buildings and structures in accordance with their designated usage; and
 - c. DYAA has not obtained any state-owned land use rights of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
2.	20 buildings and various structures of Tai'an AustAsia Modern Dairy Farm located at the western side of Yiguo Road, the northern side of Zhangling Village, Bianyuan Town, Feicheng City, Tai'an City, Shandong Province, the PRC	<p>The property comprises 20 buildings and various structures which were completed in various stages between 2012 and 2023.</p> <p>The 20 buildings have a total gross floor area of approximately 22,197.77 sq.m., mainly including 2 dormitory buildings, various production workshops, warehouses and ancillary buildings. The structures mainly include cowsheds, boundary walls, roads, pools, yards and hay sheds.</p> <p>The property is erected on a parcel of leased land.</p>	As at the valuation date, the property was occupied by the Group for dormitory, production, cattle breeding and ancillary purposes.	No commercial value

Notes:

1. Pursuant to a Land Lease Contract dated 16 February 2011 entered into among the People's Government of Bianyuan Town, Feicheng City (肥城市邊院鎮人民政府, "Party A"), AustAsia Group Investment Holdings PTE Ltd. (澳亞集團投資控股有限公司, "AAGI", a wholly-owned subsidiary of the Company, "Party B") and Feicheng Municipal People's Government (肥城市人民政府, "Party C"), the land use rights of a parcel of land with a site area of approximately 866,671.00 sq.m. (1,300 Mu), and the total area was found to be 1,331.46 Mu after the actual measurement, on which the property is erected, were leased to Tai'an AustAsia Modern Dairy Farm Co., Ltd (泰安澳亞現代牧場有限公司, "TAAA", a wholly-owned subsidiary of the Party B) for a term of 40 years commencing from 16 March 2011 at a total annual rental of approximately RMB1,000 per year per Mu as at the valuation date.
2. In the valuation of this property, we have attributed no commercial value to the property due to the leased land nature. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the 20 buildings and the structures as at the valuation date would be RMB86,390,000 (equivalent to HKD93,617,000).
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. Except for the validity of portions of the leased land totaling approximately 247.168 Mu which cannot be judged, the remaining portions under the Land Lease Contract mentioned in note 1 are legal and valid. TAAA has the rights to use the land according to the terms stipulated in the Land Lease Contract;
 - b. According to the relevant documents issued by local authorities, the buildings and structures of the property were classified as production facilities and ancillary facilities constructed on facility agricultural land. Also, the facility agricultural land project has been approved for record-filing by the local authorities. TAAA legitimately holds the ownerships of the buildings and structures of the property, with its rights and interests fully protected under PRC laws. There are no existing property disputes, and TAAA is authorized to occupy and utilize these buildings and structures in accordance with their designated usage; and
 - c. TAAA has not obtained any state-owned land use rights of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
3.	18 buildings and various structures of Dongying Xianhe AustAsia Modern Dairy Farm located at the southern side of Zhendong Road, Xianhe Town, Hekou District, Dongying City, Shandong Province, the PRC	<p>The property comprises 18 buildings and various structures which were completed in various stages between 2012 and 2023.</p> <p>The 18 buildings have a total gross floor area of approximately 11,527.48 sq.m., mainly including various offices, dormitory buildings, production workshops, warehouses and ancillary buildings. The structures mainly include cowsheds, boundary walls, roads, pools, yards and hay sheds.</p> <p>The property is erected on a parcel of leased land.</p>	As at the valuation date, the property was occupied by the Group for office, dormitory, production, cattle breeding and ancillary purposes.	No commercial value

Notes:

1. Pursuant to a Land Lease Contract dated 16 October 2012 and a Supplementary Contract entered into among Dongying Municipal Bureau of Land and Resources Hekou Branch (東營市國土資源局河口分局, "Party A"), Dongying Xianhe AustAsia Modern Dairy Farm Co., Ltd. (東營仙河澳亞現代牧場有限公司, "DXAA", a wholly-owned subsidiary of the Company, "Party B"), Dongying Shenzhou AustAsia Modern Dairy Farm Co., Ltd. (東營神州澳亞現代牧場有限公司, "DSAA", a wholly-owned subsidiary of the Company, "Party C") and the People's Government of Hekou District, Dongying City (東營市河口區人民政府, "Party D"), the land use rights of a parcel of land with a site area of approximately 1,102,000.00 sq.m. (1,653 Mu), on which the property is erected, were leased to Party B and Party C for a term of 40 years commencing from 14 April 2011 at a total annual rental of approximately RMB240 per year per Mu as at the valuation date.
2. In the valuation of this property, we have attributed no commercial value to the property due to the leased land nature. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the 18 buildings and the structures as at the valuation date would be RMB111,490,000 (equivalent to HKD120,817,000).
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. The Land Lease Contract and Supplementary Contract mentioned in note 1 are legal and valid. DXAA has the rights to use the land according to the terms stipulated in the Land Lease Contract;
 - b. According to the relevant documents issued by local authorities, the buildings and structures of the property were classified as production facilities and ancillary facilities constructed on facility agricultural land. Also, the facility agricultural land project has been approved for record-filing by the local authorities. DXAA legitimately holds the ownership rights of the buildings and structures of the property, with its rights and interests fully protected under PRC laws. There are no existing property disputes, and DXAA is authorized to occupy and utilize these buildings and structures in accordance with their designated usage; and
 - c. DXAA has not obtained any state-owned land use rights of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
4.	16 buildings and various structures of Dongying Shenzhou AustAsia Modern Dairy Farm located at the northern side of Zhendong Road, Xianhe Town, Hekou District, Dongying City, Shandong Province, the PRC	<p>The property comprises 16 buildings and various structures which were completed in various stages between 2013 and 2024.</p> <p>The 16 buildings have a total gross floor area of approximately 13,911.14 sq.m., mainly including an office building, various dormitory buildings, production workshops and ancillary buildings. The structures mainly include cowsheds, boundary walls, roads, pools, yards and hay sheds.</p> <p>The property is erected on a parcel of leased land.</p>	As at the valuation date, the property was occupied by the Group for office, dormitory, production, cattle breeding and ancillary purposes.	No commercial value

Notes:

1. Pursuant to a Land Lease Contract dated 20 March 2013 entered into among Dongying Municipal Bureau of Land and Resources Hekou Branch (東營市國土資源局河口分局, "Party A"), Dongying Shenzhou AustAsia Modern Dairy Farm Co., Ltd. (東營神州澳亞現代牧場有限公司, "DSAA", a wholly-owned subsidiary of the Company, "Party B") and the People's Government of Hekou District, Dongying City (東營市河口區人民政府, "Party C"), the land use rights of a parcel of land with a site area of approximately 1,008,005.04 sq.m. (1,512 Mu), on which the property is erected, were leased to Party B for a term of 40 years commencing from 14 April 2013 at a total annual rental of approximately RMB240 per year per Mu as at the valuation date.
2. In the valuation of this property, we have attributed no commercial value to the property due to the leased land nature. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the 16 buildings and the structures as at the valuation date would be RMB72,360,000 (equivalent to HKD78,414,000).
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. The Land Lease Contract mentioned in note 1 is legal and valid. DSAA has the rights to use the land according to the terms stipulated in the Land Lease Contracts;
 - b. According to the relevant documents issued by local authorities, the buildings and structures of the property were classified as production facilities and ancillary facilities constructed on facility agricultural land. Also, the facility agricultural land project has been approved for record-filing by the local authorities. DSAA legitimately holds the ownership rights of the buildings and structures of the property, with its rights and interests fully protected under PRC laws. There are no existing property disputes, and DSAA is authorized to occupy and utilize these buildings and structures in accordance with their designated usage; and
 - c. DSAA has not obtained any state-owned land use rights of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
5.	23 buildings and various structures of Dongying Shenzhou AustAsia Modern Dairy Farm (Xinhu) located at Dongxing Village, Xinhu Town, Hekou District, Dongying City, Shandong Province, the PRC	<p>The property comprises 23 buildings and various structures which were completed in various stages between 2014 and 2024.</p> <p>The 23 buildings have a total gross floor area of approximately 11,091.00 sq.m., mainly including a composite building, 2 office buildings, 2 dormitory buildings, various production workshops and ancillary buildings. The structures mainly include cowsheds, boundary walls, roads, pools, yards and hay sheds.</p> <p>The property is erected on a parcel of leased land.</p>	As at the valuation date, the property was occupied by the Group for office, dormitory, production, cattle breeding and ancillary purposes.	No commercial value

Notes:

1. Pursuant to a Land Lease Contract dated June 2014 and a Supplementary Contract entered into among the People's Government of Xinhu Town, Hekou District, Dongying City (東營市河口區新戶鎮人民政府, "Party A"), Dongying Shenzhou AustAsia Modern Dairy Farm Co., Ltd. (東營神州澳亞現代牧場有限公司, "DSAA", a wholly-owned subsidiary of the Company) ("Party B") and the People's Government of Hekou District, Dongying City (東營市河口區人民政府, "Party C"), the land use rights of a parcel of land with a site area of approximately 1,536,054.35 sq.m. (2,304.07 Mu), on which the property is erected, were leased to Dongying Shenzhou AustAsia Modern Dairy Farm Co., Ltd. Xinhu Branch (東營神州澳亞現代牧場有限公司新戶分公司, "XHAA", a wholly-owned subsidiary of the Party B) for a term of 40 years commencing from 1 January 2014 at a total annual rental of approximately RMB823 per year per Mu as at the valuation date.
2. In the valuation of this property, we have attributed no commercial value to the property due to the leased land nature. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the 23 buildings and the structures as at the valuation date would be RMB98,190,000 (equivalent to HKD106,404,000).
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. The Land Lease Contract and Supplementary Contract mentioned in note 1 are legal and valid. XHAA has the rights to use the land according to the terms stipulated in the Land Lease Contract;
 - b. According to the relevant documents issued by local authorities, the buildings and structures of the property were classified as production facilities and ancillary facilities constructed on facility agricultural land. Also, the facility agricultural land project has been approved for record-filing by the local authorities. XHAA legitimately holds the ownership rights of the buildings and structures of the property, with its rights and interests fully protected under PRC laws. There are no existing property disputes, and XHAA is authorized to occupy and utilize these buildings and structures in accordance with their designated usage; and
 - c. XHAA has not obtained any state-owned land use rights of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
6.	A parcel of land, 5 buildings and various structures of Chifeng AustAsia Modern Dairy Farm located at Chagan Haote Gacha, Shao Gen Town, Ar Horqin Banner, Chifeng City, Inner Mongolia Autonomous Region, the PRC	<p>The property comprises a parcel of land with a site area of approximately 9,413.37 sq.m. and a dormitory building with a gross floor area of approximately 4,411.78 sq.m. which was completed in 2015.</p> <p>The land use rights of the property have been granted for a term expiring on 23 September 2069 for industrial use.</p> <p>The remaining 4 buildings have a total gross floor area of approximately 10,527 sq.m., which comprises 2 production workshops, a guard room and an ancillary building and the structures that mainly include boundary walls, roads, pools, yards and hay sheds are completed in various stages between 2015 and 2024 and are all erected on a parcel of leased land.</p>	As at the valuation date, the property was occupied by the Group for cattle breeding and ancillary purposes.	9,570,000 (equivalent to HKD10,371,000) (refer to note 4)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract – 2019-033 dated 25 August 2019, the land use rights of a parcel of land with a site area of approximately 9,413.37 sq.m. were contracted to be granted to Chifeng AustAsia Modern Dairy Farm Co., Ltd. (赤峰澳亞現代牧場有限公司, “CFAA”, a wholly-owned subsidiary of the Company) for a term of 50 years for industrial use commencing from the land delivery date. The land premium was RMB590,000.
- Pursuant to a Real Estate Title Certificate – Meng (2022) A Lu Ke Er Qin Qi Bu Dong Chan Quan Di No. 0005789, the land use rights of a parcel of land of the property with a site area of approximately 9,413.37 sq.m. have been granted to CFAA for a term with the expiry date on 23 September 2069 for industrial use. A dormitory building of the property with a gross floor area of approximately 4,411.78 sq.m. is owned by CFAA.
- Pursuant to a Land Lease Contract dated 18 July 2014 and a Supplementary Contract entered into the People’s Government of Shao Gen Town, Ar Horqin Banner, Chifeng City (赤峰市阿魯科爾沁旗紹根鎮人民政府, “Party A”), CFAA (“Party B”) and the People’s Government of Ar Horqin Banner, Chifeng City (赤峰市阿魯科爾沁旗人民政府, “Party C”), the land use rights of a parcel of land with a site area of approximately 1,013,618.40 sq.m. (1,520.4 Mu), on which 4 buildings and various structures are erected, were leased to CFAA for a term of 32 years commencing from 1 August 2014 at an annual rental of approximately RMB50 per year per Mu.
- In the valuation of this property, we have attributed no commercial value to 4 buildings with a total gross floor area of approximately 10,527 sq.m. and various structure of the property due to the leased land nature. However, for reference purpose, we are of the opinion that the depreciated replacement cost of them as at the valuation date would be RMB153,280,000 (equivalent to HKD166,103,000).

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
- a. The State-owned Land Use Rights Grant Contract signed by CFAA mentioned in note 1 is legal and valid. CFAA has obtained and holds the aforementioned land use rights of state-owned construction land through the granting process, and has fully paid the required land premium. Therefore, its rights and interests are protected by the PRC laws;
 - b. The Land Lease Contract mentioned in note 3 is legal and valid. CFAA has the rights to use the land according to the terms stipulated in the Land Lease Contract;
 - c. CFAA legally possesses ownership rights of the building of the property mentioned in note 2 and has the legal rights to occupy, use, or dispose of them through other legitimate means;
 - d. According to the then-effective Notice on Further Supporting the Healthy Development of Facility Agriculture (Guotu Zi Fa 2014 No. 127), the buildings and structures of the property erected on leased land were classified as production facilities and ancillary facilities constructed on facility agricultural land. Also, the facility agricultural land project has been approved for record-filing by local authorities. CFAA legitimately holds the ownership rights of the buildings of the property, with its rights and interests fully protected under PRC laws. There are no existing property disputes, and CFAA is authorized to occupy and utilize these buildings and structures in accordance with their designated usage;
 - e. CFAA has obtained portions of state-owned land use rights and building ownership rights of the property; and
 - f. CFAA legally and validly in possession of portions of the building ownership rights of the property. CFAA has the rights to occupy, use or otherwise dispose of the building ownership rights of the property mentioned in note 2.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
7.	A parcel of land, 13 buildings and various structures of Chifeng AustAsia Modern Dairy Farm Zhagasitai Branch located at Dengjige Group, Tugu Rental Gacha, Zhagasitai Town, Ar Horqin Banner, Chifeng City, Inner Mongolia Autonomous Region, the PRC	<p>The property comprises a parcel of land with a site area of approximately 9,343.89 sq.m. and a dormitory building with a gross floor area of approximately 4,610.75 sq.m. which was completed in 2016.</p> <p>The land use rights of the property have been granted for a term expiring on 22 September 2069 for industrial use.</p> <p>The remaining 12 buildings have a total gross floor area of approximately 10,602.46 sq.m., which mainly include a production workshop, 3 guard rooms and ancillary buildings and the structures that mainly include boundary walls, roads, pools, yards and hay sheds are completed in various stages between 2016 and 2022 and are all erected on a parcel of leased land.</p>	As at the valuation date, the property was occupied by the Group for cattle breeding and ancillary purposes.	2,090,000 (equivalent to HKD2,265,000) (refer to note 4)

Notes:

- Pursuant to a State-owned Land Use Rights Grant Contract – 2019-034 dated 25 August 2019, the land use rights of a parcel of land with a site area of approximately 9,343.89 sq.m. were contracted to be granted to Chifeng AustAsia Modern Dairy Farm Co., Ltd. Zhagasitai Branch (赤峰澳亞現代牧場有限公司紫嘎斯台分公司, “CAAA”, a wholly-owned subsidiary of the Company) for a term of 50 years for industrial use commencing from the land delivery date. The land premium was RMB580,000.
- Pursuant to a Real Estate Title Certificate – Meng (2023) A Lu Ke Er Qin Qi Bu Dong Chan Quan Di No. 0011379, the land use rights of a parcel of land of the property with a site area of approximately 9,343.89 sq.m. have been granted to CAAA for a term with the expiry date on 22 September 2069 for industrial use. Portion of a dormitory building with a total gross floor area of approximately 699.71 sq.m. is owned by CAAA.
- Pursuant to a Land Lease Contract dated 12 July 2014 and a Supplementary Contract entered into the People’s Government of Zhagasitai Town, Ar Horqin Banner, Chifeng City (赤峰市阿魯科爾沁旗紫嘎斯台鎮人民政府, “Party A”), CAAA (“Party B”) and the People’s Government of Ar Horqin Banner, Chifeng City (赤峰市阿魯科爾沁旗人民政府, “Party C”), the land use rights of a parcel of land with a site area of approximately 1,607.846 Mu, on which portion of the property is erected, were leased to CAAA for a term of 32 years commencing from 1 August 2014 at an annual rental of approximately RMB50 per year per Mu for grassland and RMB170 per year per Mu for irrigated land.

4. In the valuation of this property, we have attributed no commercial value to the remaining portion of the dormitory building with a gross floor area of approximately 3,911.04 sq.m. of the property due to lack of Building Ownership Certificates and 12 buildings with a total gross floor area of approximately 10,602.46 sq.m. and various structures of the property due to the leased land nature. However, for reference purpose, we are of the opinion that the depreciated replacement cost of them as at the valuation date would be RMB147,420,000 (equivalent to HKD159,753,000).
5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. The State-owned Land Use Rights Grant Contract signed by CAAA mentioned in note 1 is legal and valid. CAAA has obtained and holds the aforementioned land use rights of state-owned construction land through the granting process, and has fully paid the required land premium. Therefore, its rights and interests are protected by the PRC laws;
 - b. The Land Lease Contract mentioned in note 3 is legal and valid. CAAA has the rights to use the land according to the terms stipulated in the Land Lease Contract;
 - c. CAAA faces several risks for the portions of a building of the property with a total gross floor area of approximately 3,911.04 sq.m. (mentioned in note 4) of unauthorized construction that extends beyond the planned land use area, including potential fines from regulatory authorities, orders for demolition within a specified timeframe, confiscation of the structure or illegal income, and demands to restore the land to its original condition. Up to the date of legal opinion, CAAA has not received any administrative penalties from the competent authorities due to the aforementioned construction. According to the confirmation from the Group, the aforementioned building is designated for dormitory use and the risk of it being subject to administrative penalties that could have a significant adverse impact on the Group's operations is minimal;
 - d. For the remaining portions of buildings and structures of the property, According to the relevant documents issued by local authorities, these buildings and structures of the property were classified as production facilities and ancillary facilities constructed on facility agricultural land. Also, the facility agricultural land project has been approved for record-filing by the local authorities. CAAA legitimately holds the ownership rights of them, with its rights and interests fully protected under PRC laws. There are no existing property disputes, and CAAA is authorized to occupy and utilize these buildings and structures in accordance with their designated usage;
 - e. CAAA has obtained portions of state-owned land use rights and building ownership rights of the property; and
 - f. CAAA is legally and validly in possession of the building ownership rights of portions of a building of the property as mentioned in note 2 and has the rights to occupy, use or otherwise dispose of these portions' ownership rights of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
8.	9 buildings and various structures of Chifeng AustAsia Modern Dairy Farm (Tongxi Branch) located at Tongxi Gacha, Balaqirude Sumu, Ar Horqin Banner, Chifeng City, Inner Mongolia Autonomous Region, the PRC	<p>The property comprises 9 buildings and various structures which were completed in various stages between 2020 and 2023.</p> <p>The 9 buildings have a total gross floor area of approximately 15,899.81 sq.m., mainly including a warehouse, an office building, a composite building, a basketball hall, a locker room and various production workshops. The structures mainly include boundary walls, roads, feed storage warehouses, cowsheds, substations and hay sheds.</p> <p>The property is erected on a parcel of leased land.</p>	As at the valuation date, the property was occupied by the Group for office, production, cattle breeding and ancillary purposes.	No commercial value

Notes:

1. Pursuant to a Land Lease Contract dated 1 July 2019 and a Supplementary Contract entered into among the People's Government of Balaqirude Sumu, Chifeng City (赤峰市巴拉奇如德蘇木人民政府, "Party A"), Chifeng AustAsia Modern Dairy Farm Co., Ltd. Tongxi Branch (赤峰澳亞現代牧場有限公司通希分公司, "TXAA", a wholly-owned subsidiary of the Company, "Party B"), and the People's Government of Ar Horqin Banner, Chifeng City (赤峰市阿魯科爾沁旗人民政府, "Party C"), the land use rights of a parcel of land with a site area of approximately 1,209,339.38 sq.m. (around 1,814 Mu), on which the property is erected, were leased to Party B for a term of 38 years commencing from 1 August 2019 at a total annual rental of approximately RMB60 per year per Mu as at the valuation date.
2. In the valuation of this property, we have attributed no commercial value to the property due to the leased land nature. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the 9 buildings and the structures as at the valuation date would be RMB184,460,000 (equivalent to HKD199,892,000).
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. The Land Lease Contract mentioned in note 1 is legal and valid. TXAA has the rights to use the land according to the terms stipulated in the Land Lease Contract;
 - b. Except for the buildings erected on portions of leased land with a total site area of approximately 14.42 Mu, the relevant procedures for changing the land use from grassland to construction land have not yet been completed. For the remaining buildings and structures, according to the relevant documents issued by local authorities, these buildings and structures of the property were classified as production facilities and ancillary facilities constructed on facility agricultural land. Also, the facility agricultural land project has been approved for record-filing by the local authorities. TXAA legitimately holds the ownership rights of them, with its rights and interests fully protected under PRC laws. There are no existing property disputes, and TXAA is authorized to occupy and utilize these buildings and structures in accordance with their designated usage; and
 - c. TXAA has not obtained any state-owned land use rights of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
9.	11 buildings and various structures of Chifeng AustAsia Modern Dairy Farm (Beef Branch) located at Tongxi Gacha, Balaqirude Sumu, Ar Horqin Banner, Chifeng City, Inner Mongolia Autonomous Region, the PRC	<p>The property comprises 11 buildings and various structures which were completed in various stages between 2020 and 2022. The 11 buildings have a total gross floor area of approximately 4,916.82 sq.m., mainly including an office building, a dormitory building and various ancillary buildings. The structures mainly include boundary walls, roads, feed storage warehouses, cowsheds, substations and hay sheds.</p> <p>The property is erected on a parcel of leased land.</p>	As at the valuation date, the property was occupied by the Group for office, dormitory, production, cattle breeding and ancillary purposes.	No commercial value

Notes:

1. Pursuant to a Land Lease Contract dated 1 July 2019 entered into among the People's Government of Balaqirude Sumu, Ar Horqin Banner, Chifeng City (赤峰市阿魯科爾沁旗巴拉奇如德蘇木人民政府, "Party A"), Chifeng AustAsia Modern Dairy Farm Co., Ltd. Beef Branch (赤峰澳亞現代牧場有限公司通希分公司(肉牛), "CFAB", a wholly-owned subsidiary of the Company, "Party B") and the People's Government of Ar Horqin Banner, Chifeng City (赤峰市阿魯科爾沁旗人民政府, "Party C"), the land use rights of a parcel of land with a site area of approximately 672,986.70 sq.m. (around 1,009 Mu), on which the property is erected, were leased to Party B for a term of 38 years commencing from 1 August 2019 at a total annual rental of approximately RMB60 per year per Mu as at the valuation date.
2. In the valuation of this property, we have attributed no commercial value to the property due to the leased land nature. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the 11 buildings and the structures as at the valuation date would be RMB115,940,000 (equivalent to HKD125,639,000).
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. The Land Lease Contract mentioned in note 1 is legal and valid. CFAB has the rights to use the land according to the terms stipulated in the Land Lease Contract;
 - b. Except for the buildings erected on portions of leased land with a total site area of approximately 9.48 Mu, the relevant procedures for changing the land use from grassland to construction land have not yet been completed. For the remaining buildings and structures, according to the relevant documents issued by local authorities, these buildings and structures of the property were classified as production facilities and ancillary facilities constructed on facility agricultural land. Also, the facility agricultural land project has been approved for record-filing by the local authorities. CFAB legitimately holds the ownership rights of them, with its rights and interests fully protected under PRC laws. There are no existing property disputes, and CFAB is authorized to occupy and utilize these buildings and structures in accordance with their designated usage; and
 - c. CFAB has not obtained any state-owned land use rights of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
10.	15 buildings and various structures of Dongying AustAsia Beef Farm located at No. 168 North of Bingu Road and East of Tiao River, Hekou District, Dongying City, Shandong Province, the PRC	<p>The property comprises 15 buildings and various structures which were completed in various stages between 2014 and 2024.</p> <p>The 15 buildings have a total gross floor area of approximately 5,182.42 sq.m., mainly including an office building, a dormitory building, a warehouse, various boiler rooms and ancillary buildings. The structures mainly include boundary walls, roads, pools, cowsheds and hay sheds.</p> <p>The property is erected on a parcel of leased land.</p>	As at the valuation date, the property was occupied by the Group for office, dormitory, production, cattle breeding and ancillary purposes.	No commercial value

Notes:

1. Pursuant to a Land Lease Contract dated 15 March 2013 and a Supplementary Contract entered into among Dongying Municipal Bureau of Land and Resources of Hekou Branch (東營市國土資源局河口分局, "Party A"), Dongying AustAsia Beef Co., Ltd. (東營澳亞肉牛養殖有限公司, "DYAB", a wholly-owned subsidiary of the Company, "Party B") and the People's Government of Hekou District, Dongying City (東營市河口區人民政府, "Party C"), the land use rights of a parcel of land with a site area of approximately 2,094,666.67 sq.m. (3,142 Mu), on which the property is erected, were leased to DYAB for a term of 40 years commencing from 31 March 2013. The rental rate is RMB260 per year per Mu for the first to third years of the lease term, RMB370 per year per Mu for the fourth and fifth years, and will be increased by 15% every five years starting from the sixth year.
2. In the valuation of this property, we have attributed no commercial value to the property due to the leased land nature. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the 15 buildings and the structures as at the valuation date would be RMB111,320,000 (equivalent to HKD120,633,000).
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. The Land Lease Contract mentioned in note 1 is legal and valid. DYAB has the rights to use the land according to the terms stipulated in the Land Lease Contract;
 - b. According to the relevant documents issued by local authorities, the buildings and structures of the property were classified as production facilities and ancillary facilities constructed on facility agricultural land. Also, the facility agricultural land project has been approved for record-filing by the local authorities. DYAB legitimately holds the ownership rights of the buildings and structures of the property, with its rights and interests fully protected under PRC laws. There are no existing property disputes, and DYAB is authorized to occupy and utilize these buildings and structures in accordance with their designated usage; and
 - c. DYAB has not obtained any state-owned land use rights of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
11.	12 buildings and various structures of Pure Source Dairy Farm No. 1 located at Zhaoliulin Community, Yanbei Street, Qihe County, Dezhou City, Shandong Province, the PRC	<p>The property comprises 12 buildings and various structures which were completed in various stages between 2016 and 2023.</p> <p>The 12 buildings have a total gross floor area of approximately 9,269.25 sq.m., mainly including various office buildings, various dormitory buildings and various ancillary buildings. The structures mainly include boundary walls, roads, pools, cowsheds and hay sheds.</p> <p>The property is erected on a parcel of leased land.</p>	As at the valuation date, the property was occupied by the Group for office, dormitory, production, cattle breeding and ancillary purposes.	No commercial value

Notes:

1. Pursuant to a Land Lease Contract dated 15 January 2016 and Supplementary Contracts entered into between Yan Bei Subdistrict Office, Qihe County, Dezhou City, Shandong Province (山東省德州市齊河縣晏北街道辦事處) and Pure Source Dairy Farm Co., Ltd. (醇源牧場有限公司(一牧), "PS1", a wholly-owned subsidiary of the Company), the land use rights of a parcel of land with a site area of approximately 875.8 Mu (583,866.66 sq.m.), on which the property is erected, were leased to PS1 for a term of 30 years commencing from 15 January 2016. The standard of the fee for the first five lease years is RMB1,350 per Mu per lease year, and afterwards, every five lease years within the lease period it will be adjusted based on the consumer price index for the same period.
2. In the valuation of this property, we have attributed no commercial value to the property due to the leased land nature. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the 12 buildings and the structures as at the valuation date would be RMB96,820,000 (equivalent to HKD104,920,000).
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. For portions of leased land with a total site area of 285.5 Mu mentioned in note 1, PS1 has not provided documents showing that the lease was approved by a vote in the relevant village committee meeting. The risk of significant adverse effects on the PS1's operations, due to questions raised by relevant villagers regarding PS1's rights to use the aforementioned land, is relatively low. For the remaining portions of leased land mentioned in note 1, regarding the lease term of PS1 that extends beyond the villagers' contracting period, Yan Bei Subdistrict Office shall facilitate the reissuance of documents by each village committee and individual villagers, expressing their consent to lease the land to Yan Bei Subdistrict Office and subsequently sublease it to PS1, once new land contracting and management rights have been granted upon the expiration of the initial contracting period;
 - b. According to the relevant documents issued by local authorities, the buildings and structures of the property were classified as production facilities and ancillary facilities constructed on facility agricultural land. Also, the facility agricultural land project has been approved for record-filing by the local authorities. PS1 legitimately holds the ownership rights of the buildings and structures of the property, with its rights and interests fully protected under PRC laws. There are no existing property disputes, and PS1 is authorized to occupy and utilize these buildings and structures in accordance with their designated usage; and
 - c. PS1 has not obtained any state-owned land use rights of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date RMB
12.	11 buildings and various structures of Pure Source Dairy Farm No. 2 located at North of Shiliwu Village, Pandian Town, Qihe County, Dezhou City, Shandong Province, the PRC	<p>The property comprises 11 buildings and various structures which were completed in various stages between 2017 and 2023.</p> <p>The 11 buildings have a total gross floor area of approximately 8,350.76 sq.m., mainly including an office building, various dormitory buildings, production buildings and ancillary buildings. The structures mainly include boundary walls, roads, pools, cowsheds and hay sheds.</p> <p>The property is erected on a parcel of leased land.</p>	As at the valuation date, the property was occupied by the Group for office, dormitory, production, cattle breeding and ancillary purposes.	No commercial value

Notes:

1. Pursuant to a Land Lease Contract dated 12 January 2016 and Supplementary Contracts entered into among the People's Government of Pandian Town, Qihe County, Dezhou City, Shandong Province (山東省德州市齊河縣潘店鎮政府, "Party A"), Falcon Dairy Holdings Limited (獵鷹乳業控股有限公司, "Party B") and Pure Source Dairy Farm Co., Ltd. (No. 2 Farm) (醇源牧場有限公司(二牧), "PS2", a wholly-owned subsidiary of the Company, "Party C"), the land use rights of a parcel of land with a site area of approximately 852,208.88 sq.m. (1,278.31 Mu), on which the property is erected, were leased from Party A to PS2 for a term of 30 years commencing from 15 February 2016. The standard of the fee for the first five lease years is RMB1,350 per Mu per lease year, and afterwards, every five lease years within the investment period it will be adjusted based on the consumer price index for the same period.
2. In the valuation of this property, we have attributed no commercial value to the property due to the leased land nature. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the 11 buildings and the structures as at the valuation date would be RMB127,880,000 (equivalent to HKD138,578,000).
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. For the leased land mentioned in note 1, regarding the lease term of PS2 that extends beyond the villagers' contracting period, the People's Government of Pandian Town shall facilitate the reissuance of documents by each village committee and individual villagers, expressing their consent to lease the land to the People's Government of Pandian Town and subsequently sublease it to PS2, once new land contracting and management rights have been granted upon the expiration of the initial contracting period;
 - b. According to the relevant documents issued by local authorities, the buildings and structures of the property were classified as production facilities and ancillary facilities constructed on facility agricultural land. Also, the facility agricultural land project has been approved for record-filing by the local authorities. PS2 legitimately holds the ownership rights of the buildings and structures of the property, with its rights and interests fully protected under PRC laws. There are no existing property disputes, and PS2 is authorized to occupy and utilize these buildings and structures in accordance with their designated usage; and
 - c. PS2 has not obtained any state-owned land use rights of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
13.	20 buildings and various structures of Pure Source Dairy Farm No. 3 located at South of Nanbei Community, Yanbei Street, Qihe County, Dezhou City, Shandong Province, the PRC	<p>The property comprises 20 buildings and various structures which were completed in various stages between 2022 and 2024.</p> <p>The 20 buildings have a total gross floor area of approximately 26,655.29 sq.m., mainly including an office building, various dormitory buildings, production buildings and ancillary buildings. The structures mainly include boundary walls, roads, pools, cowsheds and hay sheds.</p> <p>The property is erected on a parcel of leased land.</p>	As at the valuation date, the property was occupied by the Group for office, dormitory, production, cattle breeding and ancillary purposes.	No commercial value

Notes:

1. Pursuant to a Land Lease Contract dated 21 September 2017 and Supplementary Contracts entered into among Yanbei Subdistrict Office, Qihe County, Shandong Province (山東省齊河縣晏北街道辦事處, "Party A"), the People's Government of Qihe County, Shandong Province (山東省齊河縣人民政府, "Party B") and Pure Source Dairy Farm Co., Ltd. (No. 3 Farm) (醇源牧場有限公司(三牧), "PS3", a wholly-owned subsidiary of the Company, "Party C"), the land use rights of a parcel of land with a site area of approximately 2,334.56 Mu., on which the property is erected, were leased to PS3 for a term of 26 years commencing from 31 May 2022. The standard of the fee for the first five lease years is RMB1,350 per Mu per lease year, and afterwards, every five lease years within the lease period it will be adjusted based on the consumer price index for the same period.
2. In the valuation of this property, we have attributed no commercial value to the property due to the leased land nature. However, for reference purpose, we are of the opinion that the depreciated replacement cost of the 20 buildings and the structures as at the valuation date would be RMB396,140,000 (equivalent to HKD429,280,000).
3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:
 - a. For the leased land mentioned in The Land Lease Contract in note 1, PS3 has not provided documents showing that the lease was approved by a vote in the relevant village committee meeting. The risk of significant adverse effects on PS3's operations, due to questions raised by relevant villagers regarding PS3's right to use the aforementioned land, is relatively low;
 - b. According to the relevant documents issued by local authorities, the buildings and structures of the property were classified as production facilities and ancillary facilities constructed on facility agricultural land. Also, the facility agricultural land project has been approved for record-filing by the local authorities. PS3 legitimately holds the ownership rights of the buildings and structures of the property, with its rights and interests fully protected under PRC laws. There are no existing property disputes, and PS3 is authorized to occupy and utilize these buildings and structures in accordance with their designated usage; and
 - c. PS3 has not obtained any state-owned land use rights of the property.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date <i>RMB</i>
14.	Shandong AustAsia Feed Farm located at the junction of Yongguan Road and Xi Wei San Road, Kenli District, Dongying City, Shandong Province, the PRC	<p>The property comprises a parcel of land with a site area of approximately 66,645.50 sq.m. and 12 buildings and various structures which were completed in June 2023.</p> <p>The 12 buildings have a total gross floor area of approximately 32,734.90 sq.m., mainly including an office building, a dormitory building, a guard room, 4 warehouses, a boiler room, a pump house and ancillary buildings. The structures mainly include boundary walls, roads, pools, yards and sheds.</p> <p>The land use rights of the property have been granted for a term expiring on 9 August 2071 for industrial use.</p>	As at the valuation date, the property was occupied by the Group for office, warehouse and ancillary purposes.	91,290,000 (equivalent to HKD98,927,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – Ken Li-01-2021-19 dated 10 August 2021, the land use rights of a parcel of land with a site area of approximately 66,645.50 sq.m. were contracted to be granted to Shandong AustAsia Feed Technology Co., Ltd. (山東澳亞飼料科技有限公司, “AAFT”, a wholly-owned subsidiary of the Company) for a term of 50 years for industrial use commencing from the land delivery date. The land premium was RMB13,270,000.
2. Pursuant to a Real Estate Title Certificate – Lu (2023) Ken Li Bu Dong Chan Quan Di No. 0012720, the land use rights of the property with a site area of approximately 66,645.50 sq.m. have been granted to AAFT for a term with the expiry date on 9 August 2071 for industrial use. The buildings of the property with a total gross floor area of approximately 32,734.90 sq.m. are owned by AAFT.
3. We have been provided with a legal opinion regarding the property interest by the Company’s PRC legal adviser, which contains, inter alia, the following:
 - a. The State-owned Land Use Rights Grant Contract signed by AAFT mentioned in note 1 is legal and valid. AAFT has obtained and holds the aforementioned land use rights of state-owned construction land through the granting process, and has fully paid the required land premium. Therefore, its rights and interests are protected by the PRC laws;
 - b. The land use rights and the building ownership rights have been mortgaged for a period commencing from 13 June 2022 and expiring on 31 June 2028; and
 - c. AAFT is legally and validly in possession of the building ownership rights of the property. AAFT has the rights to occupy, use or otherwise dispose of the building ownership rights of the property mentioned in note 2.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

This circular includes particulars given in compliance with the Hong Kong Takeovers Code. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts not contained in this circular, the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

The following is a description of the issued and paid-up share capital of the Company as at the Latest Practicable Date and Shares in issue and to be issued as fully paid immediately following the completion of the Rights Issue (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the completion of the Rights Issue and all Rights Shares to be issued under the Rights Issue have been taken up in full). Pursuant to the Singapore Companies Act, companies incorporated in Singapore do not have an authorised share capital and there is no concept of par value in respect of issued shares.

	Number of Shares
Shares in issue as at the Latest Practicable Date	700,463,112
Shares to be issued pursuant to the Rights Issue (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the completion of the Rights Issue and all Rights Shares to be issued under the Rights Issue have been taken up in full)	<u>280,185,244</u>
Total shares in issue immediately following the completion of the Rights Issue (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the completion of the Rights Issue and all Rights Shares to be issued under the Rights Issue have been taken up in full)	<u><u>980,648,356</u></u>

All Shares rank *pari passu* with each other in all respects including the rights as to dividends, voting and return of capital. The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company the record dates of which fall on or after the date of issue of the fully-paid Rights Shares.

The Company has applied to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

The Company has not issued any Shares since 31 December 2024, being the end of the last financial year of the Company, and up to the Latest Practicable Date. As at the Latest Practicable Date, the Company has no outstanding warrants, options or convertible securities in issue which confer any right to subscribe for, convert or exchange into Shares.

As at the Latest Practicable Date, no capital of any member of the Group was under option or agreed conditionally or unconditionally to be put under option.

3. MARKET PRICES

The table below sets out the closing prices of the Shares as quoted on the Stock Exchange (i) on the last trading day in the Shares took place at the end of each of the calendar months during the Relevant Period, (ii) on the Last Trading Day, and (iii) on the Latest Practicable Date:

Date	Closing price per Share <i>HK\$</i>
31 October 2024	1.14
29 November 2024	1.00
31 December 2024	0.99
28 January 2025	1.09
28 February 2025	1.16
31 March 2025	1.43
16 April 2025 (the Last Trading Day)	1.58
30 April 2025	1.60
30 May 2025	1.60
2 June 2025 (the Latest Practicable Date)	1.60

During the Relevant Period, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$1.60 on 30 April 2025 and 2 June 2025 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.91 on 22 November 2024 and 25 November 2024.

4. EXPENSES

The expenses payable by the Company in connection with the Rights Issue and the Whitewash Waiver, including professional fees and other related expenses, are estimated to be approximately HK\$5 million.

5. RESTRICTION AFFECTING REMITTANCE OF PROFIT AND CAPITAL

As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.

6. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

Particulars of the Directors and senior management of the Company

Name	Address
Executive Directors	
TAN Yong Nang (陳榮南)	400 Orchard Road, #15-08 Orchard Towers Singapore 238875
Edgar Dowse COLLINS	400 Orchard Road, #15-08 Orchard Towers Singapore 238875
YANG Ku (楊庫)	400 Orchard Road, #15-08 Orchard Towers Singapore 238875
Non-executive Directors	
Tamotsu MATSUI	400 Orchard Road, #15-08 Orchard Towers Singapore 238875
GAO Lina (高麗娜)	400 Orchard Road, #15-08 Orchard Towers Singapore 238875
Gabriella SANTOSA	400 Orchard Road, #15-08 Orchard Towers Singapore 238875

Name	Address
Independent Non-executive Directors	
SUN Patrick (辛定華)	400 Orchard Road, #15-08 Orchard Towers Singapore 238875
LI Shengli (李勝利)	400 Orchard Road, #15-08 Orchard Towers Singapore 238875
CHANG Pan, Peter (張泮)	400 Orchard Road, #15-08 Orchard Towers Singapore 238875
Senior Management	
CHEN Yuan (陳遠)	No. 10, Yongguan Road Yongan Town Kenli District Dongying City Shandong Province China
ZHANG Haicheng (張海成)	No. 10, Yongguan Road Yongan Town Kenli District Dongying City Shandong Province China

Biographies of the Directors and senior management of the Company*Executive Directors*

TAN Yong Nang (陳榮南), aged 64, was appointed as an Executive Director of the Company on 28 July 2010 and was appointed as Executive Chairman on 1 April 2020. Mr. Tan was last re-elected as an executive Director on 5 June 2024. As the Executive Chairman, Mr. Tan holds a leadership role in the board of directors, focusing on setting the Company's strategic direction, directing the management and nurturing stakeholder relationships. Mr. Tan is also the chairman of Nomination Committee of the Company.

Mr. Tan is also serving as the executive director and chief executive officer of Japfa Group since 2014. He joined Japfa Group in May 2007, and had taken on many positions including a director of PT Japfa Comfeed Indonesia, Tbk, a subsidiary of Japfa. Prior to joining the Japfa Group, Mr. Tan worked at PAMA (Singapore) Private Limited and PT PAMA Ventura Indonesia, both of which are subsidiaries of The Prudential Insurance Company of America, where he served as, among other roles, a director and a president director. After that, Mr. Tan joined Delifrance Asia Ltd as its chief executive officer, responsible for executing the overall business strategies, facilitating business development and managing the operations of the company. Mr. Tan subsequently joined Li & Fung Group as its project director and chief operating officer.

Mr. Tan obtained a bachelor of arts degree and a master of arts degree from the University of Cambridge in the United Kingdom in June 1983 and March 1987, respectively. He was also registered as a Chartered Financial Analyst with The Institute of Chartered Financial Analysts, US in September 1992.

Edgar Dowse COLLINS, aged 58, was appointed as an executive Director of the Company on 17 April 2009 and was last re-elected on 7 June 2023. He has been the chief executive officer of the Company since April 2009. He is primarily responsible for the Group's overall operations and management, in particular, the day-to-day operations. He is the chairman of the ESG committee of the Company. He is also a director of various subsidiaries of the Company.

Mr. Collins has accumulated over 30 years of industry experience having been involved in dairy farming and beef and cattle operations throughout his career. He has been with the dairy division of Japfa Group, since June 1999 and is responsible for the day-to-day operations of the dairy business and in charge of formulating, developing and implementing both strategic and long-term business plans for the dairy operations. From 1991 to 1999, Mr. Collins was the head of operations of PT Santosa Agrindo, one of Japfa's subsidiaries, where he was involved in the development of a cattle and beef business in Indonesia.

Mr. Collins obtained his high school diploma from The King's School, Sydney in December 1985.

YANG Ku (楊庫), aged 56, was appointed as an executive Director of the Company on 5 August 2020 and was last re-elected on 7 June 2023. Mr. Yang has also been the chief operating officer of the Group since October 2015. Mr. Yang is primarily responsible for the day-to-day management and operations of dairy farms in the PRC. Mr. Yang has more than 30 years of experience in dairy industry. Mr. Yang joined the Group in October 2009 as a general manager where he was responsible for the day-to-day management of farms in the PRC. Mr. Yang is a member of the ESG committee of the Company. He is also a director of various subsidiaries of the Company.

Prior to joining the Group, from August 1991 to August 2004, Mr. Yang worked at Teaching Experiment Farm of Ningxia University as a technician, where he was responsible for technical and production management of the chicken, pig and cattle farms. From August 2004 to September 2009, Mr. Yang worked at Mengniu AustAsia Model Dairy Farm Co., Ltd. (內蒙古蒙牛澳亞示範牧場有限責任公司) (now known as Modern Dairy (Helingeer) Co., Ltd. (現代牧業(和林格爾)有限公司)) (“**Helingeer Dairy**”), a then subsidiary of the Group which was acquired by Modern Farming (Group) Co., Ltd. (現代牧業(集團)有限公司) (“**Modern Farm**”), a non-wholly owned subsidiary of China Modern Dairy Holdings Ltd. (中國現代牧業控股有限公司) in December 2008 and successively held positions as feeding supervisor (responsible for the management of its feeding division), dairy farm manager (responsible for the management of the dairy farm) and general manager (responsible for the overall management of the company).

Mr. Yang obtained a bachelor’s degree in animal husbandry from School of Agriculture, Ningxia University (寧夏大學農學院) (formerly known as Ningxia Agricultural College (寧夏農學院)) in the PRC in July 1991 and a master’s degree in animal nutrition and feed science from Chinese Academy of Agricultural Sciences (中國農業科學院) in the PRC in July 2007. Mr. Yang was awarded the certificate of Senior Animal Technician by the Personnel Department of Ningxia Hui Autonomous Region (寧夏回族自治區人事廳) in August 2005.

Non-executive Directors

Tamotsu MATSUI (松井タモツ), aged 62, has been nominated by Meiji (China) Investment Company Limited and was elected as a non-executive Director of the Company on 5 June 2024. He is responsible for providing strategic advice and guidance on corporate development and making recommendations on major operational and management decisions. Mr. Matsui was appointed as a member of the Audit Committee of the Company on 5 June 2024.

Mr. Matsui has around 38 years of experience in the dairy business. He joined Meiji Co., Ltd. (“**Meiji**”) in April 1986 where he worked at production dept. at Sendai Plant until June 1987. Between 1987-2011, Mr. Matsui served in various positions in Meiji such as the IT dept., Corporate Planning Corporate Production Management Department in headquarters as well as in various plants such as Kanagawa plant, Tokachi plant and Moriya plant where he was responsible for production planning, quality control, cost management and capital investment plannings.

Mr. Matsui was promoted and served as (i) the General Manager of Okayama plant (2012-2014), (ii) Vice President of CP Meiji Co., Ltd., a Meiji Dairy joint venture company in Thailand (2014-2017), (iii) General Manager, Dairy Business Dept, International Business Division, Meiji (2017-2020), (iv) General Manager, Strategic Planning Dept., International Business Division, Meiji (2020-2021), (v) Executive Officer, Meiji (2021-2023) and (vi) President, Meiji (China) Investment Company Limited in China (2021-31 March 2024) and is currently serving as Managing Executive Officer, Global Business/Asia Pacific Region, Meiji.

GAO Lina (高麗娜), aged 68, was appointed as executive Director of the Company on 22 December 2021 and was last re-elected as a non-executive Director on 7 June 2023.

Ms. Gao has over 17 years of extensive experience in dairy industry. Ms. Gao co-founded the Modern Dairy Group (as defined below) and had been the executive director and the chief executive officer of China Modern Dairy Holdings Ltd. (中國現代牧業控股有限公司) (“China Modern Dairy”, together with its subsidiaries, “Modern Dairy Group”), a company listed on the Stock Exchange (stock code: 1117) in November 2008, for nearly 13 years. Ms. Gao retired from these positions with effect from 1 July 2022. Prior to this, Ms. Gao had accumulated significant experience in cross-border trading, resource integration and administrative management. Ms. Gao was the general manager of Tai’an Foreign General Trade Corporation (泰安市外貿總公司) between October 1993 to June 2005. Ms. Gao was the director general of Tai’an Municipal Trade Promotion Bureau (泰安市招商局) between October 2003 and June 2005.

Over the years, Ms. Gao has received various awards and accolades acknowledging her accomplishments. For example, she was awarded Tai’an City Excellent Entrepreneur in Reforming and Enterprising Endeavours (泰安市改革經營努力優秀企業家) in 2004. Ms. Gao was awarded the Scientific and Technological Progress Award (Class 1 of Promotion Category) (科學技術進步獎推廣類一等獎) by the Ministry of Education of the PRC in January 2013, and Ms. Gao was granted the honour of Top 10 Business Leaders in China Economy (中國經濟十大商業領袖) at the 2014 China Economic Summit Forum & The 12th Annual Meeting of China Economic Characters. Ms. Gao was awarded Best CEO in Institutional Investors – Survey Report on All Asian Management Team 2016 (“機構投資者-2016年全亞洲管理團隊調查報告”中最佳CEO) and 2017 China Financial Market Awards • Best Corporate Leader of the Year (2017年中國融資大獎•年度最佳企業領袖獎). Ms. Gao was awarded the Meritorious Person of the Chinese Dairy Industry (中國奶業功勳人物) by the Dairy Association of China (中國奶業協會) in 2018, the Top Ten Influential Women in China’s Economy (中國經濟十大影響力女性) at Boao Enterprise Forum in 2019, 2020 Best Manager & Operator of the Year (年度最佳經理人&操盤手) at the NetEase New Energy Dairy Industry Summit Forum and the Outstanding Contribution Award for the High Quality Development of the Dairy Industry (奶業優質發展突出貢獻獎) by National Dairy Science and Technology Innovation Alliance (國家奶業科技創新聯盟).

Ms. Gao completed an undergraduate course at Tai’an Municipal CPC Party School (中共泰安市委黨校) majoring in economic management in December 1999.

Gabriella SANTOSA, aged 32, was elected as a Non-executive Director of the Company on 7 June 2023. She is primarily responsible for providing a wealth of knowledge and experience in animal health, biologics and genetics to the Group. Ms. Gabriella SANTOSA is a member of remuneration committee of the Company.

Ms. Santosa is responsible for the expansion of Japfa's network and partnership mainly in animal health, digital and biological technology solutions, and drives cross-divisional initiatives. In addition, she explores and evaluates new venture potential in both new growth areas and existing operations and focus resources to support technological efficiencies and innovation in current operational process.

Ms. Santosa was appointed head of projects in PT Japfa Comfeed Indonesia Tbk in March 2024 and also holds the position as deputy head of animal health and livestock equipment since 2017, where she is responsible for improving processes and systems within the business and the key expansion initiatives for new products, markets and technologies.

She joined Japfa Ltd as a business executive in 2016 and was promoted to her current role as head of business development & strategy since August 2022.

Ms. Gabriella Santosa completed her Bachelor of Science in Biochemistry with a year in Industry from the Imperial College London, United Kingdom, in 2016. She was selected as Forbes 30 under 30 (Europe 2019) under Manufacturing and Industry stream as Co-founder of Puraffinity, a deep tech start-up that has accumulated over US\$17 million in funding. This venture has also recognised her as a 2016 finalist for the Innovate UK 'Women in Innovation' grant, and author and owner of papers and patents in the biomaterials space.

Independent Non-executive Directors

SUN Patrick (辛定華), aged 66, was appointed as an independent non-executive Director of the Company on 5 December 2022 and re-elected on 7 June 2023. He is primarily responsible for providing strategic advice and guidance and providing independent judgement and advice to the Board. He is the chairman of the audit committee of the Company, and a member of nomination committee and remuneration committee of the Company.

In addition to his position at the Company, Mr. Sun has been an independent non-executive director of Kunlun Energy Company Limited, which is engaged in domestic and international oil-gas exploration and development and listed on the Stock Exchange (stock code: 0135), since February 2016 and an independent non-executive director of Ferretti S.p.A., which is engaged in the design, construction and sale of luxury yachts and listed on the Stock Exchange (stock code: 9638), since December 2022. Additionally, Mr. Sun was an independent non-executive director of Sihuan Pharmaceutical Holdings Group Ltd., a pharmaceutical company and listed on the Stock Exchange (stock code: 0460) from October 2010 to April 2023, an independent non-executive director of China Railway Construction Corporation Limited, which is engaged in transportation infrastructure construction services and listed on the Stock Exchange (stock code: 1186) and Shanghai Stock Exchange (stock code: 601186), from October 2014 to December 2022 and an independent non-executive director of CRRC

Corporation Limited, which is engaged in manufacturing and distribution of railway transportation equipment and listed on the Stock Exchange (stock code: 1766) and Shanghai Stock Exchange (stock code: 601766), from May 2015 to December 2022.

Mr. Sun was the group executive director and head of investment banking for Greater China at Jardine Fleming Holdings Limited from December 1996 to 2000 and the senior country officer and head of investment banking for Hong Kong of JPMorgan Chase from 2000 to March 2002. Subsequent to that, Mr. Sun was an executive director of Sunwah Kingsway Capital Holdings Limited (formerly known as SW Kingsway Capital Holdings Limited) (stock code: 0188) between September 2004 and May 2006 and an executive director and chief executive officer of Value Convergence Holdings Limited (stock code: 0821) from August 2006 to October 2009 (both companies are listed on the Stock Exchange).

Mr. Sun was formerly the chairman of the Chamber of Hong Kong Listed Companies from 2013 to 2015. He was a member of the Takeovers & Mergers Panel and the Takeovers Appeal Committee of SFC from 1995 to 1997 and from 1999 to 2001, respectively. Mr. Sun was a member of the Council and the deputy chairman of the Listing Committee and of the Stock Exchange from 1995 to 2000 and from 2000 to 2002, respectively.

Mr. Sun obtained a bachelor of science degree in economics from Wharton School of the University of Pennsylvania, the United States, in May 1981. Mr. Sun also completed the Stanford Executive Program of Stanford Business School, the United States, in 2000. Mr. Sun is a fellow of the Association of Chartered Certified Accountants, the United Kingdom, and a fellow of the Hong Kong Institute of Certified Public Accountants.

LI Shengli (李勝利), aged 59, was appointed as an Independent Non-executive Director of the Company on 5 December 2022. He was re-elected as a Director on 5 June 2024. Professor Li is primarily responsible for providing strategic advice and guidance and providing independent judgement and advice to the Board. He is a member of nomination committee and ESG committee of the Company.

Since 2003, Professor Li has been with China Agricultural University (中國農業大學), working at various times as an assistant professor and professor. Professor Li is currently the vice president of Dairy Association of China. In 2005, Professor Li obtained a patent on Rubeili (乳倍利), a type of high-energy and high-protein supplementary feed for dairy cows. Over the years, Professor Li has received various awards and accolades acknowledging his accomplishments. For instance, he was awarded the second prize and a prize of the Beijing Science and Technology Award (北京市科學技術獎) in 2000 and 2011, respectively, and was recognised by the Beijing Municipal Government as “Top 10 Scientists with Contribution to the Economic Development in Rural Villages of Beijing” (京郊農村經濟發展“十佳”科技工作者) in 2009. He also received the first prize of Science and Technology Progress Award awarded by the Ministry of Education of the PRC (教育部科技進步獎) in 2012, the first prize for Chinese Agricultural Science Technology Progress awarded by the Ministry of Agriculture of the PRC (中華農業科技進步一等獎) in 2013 and the second prize of National Scientific and Technological Progress Award (國家科學技術進步獎二等獎) in 2014.

Professor Li has been an independent non-executive director of China Modern Dairy Holdings Ltd., a dairy farm operator and listed on the Stock Exchange (stock code: 1117), since October 2010, an independent director of Zhejiang Yiming Food Co., Ltd. (浙江一鳴食品股份有限公司), which is engaged in dairy farming, manufacturing and sale of dairy products and listed on Shanghai Stock Exchange (stock code: 605179), from 2018 to 2020 and an independent director of Xinjiang Tianrun Dairy Co., Ltd. (新疆天潤乳業股份有限公司), which is engaged in manufacturing and sale of dairy products and listed on Shanghai Stock Exchange (stock code: 600419), from 2020 to 2021. Additionally, Professor Li was an independent non-executive director of China Zhongdi Dairy Holdings Company Limited, a dairy farm operator which was listed on the Stock Exchange in December 2015 and delisted due to privatisation in June 2022 (previous stock code: 1492), from February 2015 to December 2021 and an independent director of Beijing Scitop Bio-tech Co., Ltd. (北京科拓恒通生物技術股份有限公司), which is engaged in lactic acid bacteria research and listed on Shenzhen Stock Exchange (stock code: 300858), from December 2019 to November 2020.

Professor Li obtained a bachelor's degree in animal husbandry and veterinary science graduated from Shihezi Agricultural College (石河子農學院) (currently known as Shihezi University (石河子大學)) in the PRC in July 1987 and a master's degree in animal husbandry and nutrition from Xinjiang Agricultural University (新疆農業大學) in the PRC in June 1993. He then obtained his doctorate degree in animal nutrition science from China Agricultural University in the PRC in July 1996.

CHANG Pan, Peter (張洋), aged 61, was appointed as an independent Director on 5 August 2020 and was redesignated as an independent non-executive Director on 24 March 2022. Mr. Chang is primarily responsible for providing strategic advice and guidance and providing independent judgement and advice to the Board. He is the chairman of remuneration committee of the Company and a member of audit committee of the Company. From October 2010 to December 2024, Mr. Chang served as the independent director of Dongying AustAsia and several other operating subsidiaries of the Company in China and provided independent advice and judgement on the operations and management of the subsidiaries on issues relating to the PRC business, strategy and performance as well as relationships with key stakeholders.

Mr. Chang is an entrepreneur with extensive experience in corporate management and investments. Since August 2004, Mr. Chang founded several companies under the brand of KAIA Group in Singapore, China and Malaysia which are engaged in property development, new material manufacturing and private equity investments (“**KAIA Group**”). Mr. Chang has served as the chairman and has been actively involved in the KAIA Group's development over the past years. Prior to founding KAIA Group, Mr. Chang had years of experience spanning across consultancy, property investment and power plants business. Mr. Chang worked at Paclantic Pte Ltd as its director until February 1997, where he was mainly responsible for oversight of company's consultancy and property investment business. From March 1997 to July 2004, Mr. Chang held positions of director, chief executive officer and president of AsiaPower Corporation Limited, a company mainly engaged in power plants management and operation which was voluntarily delisted from the SGX-ST in May 2014 (previous stock code: A03).

Mr. Chang obtained a bachelor of engineering degree from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in July 1984 and a doctor of philosophy (Ph.D) degree from Loughborough University of Technology in the United Kingdom in September 1989. Mr. Chang was elected a graduate of the Institution of Engineering and Technology (formerly the Institution of Production Engineers) in the United Kingdom in October 1990.

Senior management of the Company

TAN Yong Nang (陳榮南), aged 64, is the executive chairman of the Company. His biographical details are set out above under the section headed “Executive Directors”.

Edgar Dowse COLLINS, aged 58, is the executive Director and chief executive officer of the Company. His biographical details are set out above under the section headed “Executive Directors”.

YANG Ku (楊庫), aged 56, is the executive Director and chief operating officer of the Company. His biographical details are set out above under the section headed “Executive Directors”.

CHEN Yuan (陳遠), aged 55, has been the chief finance officer (“CFO”) of the Group since July 2021 and is primarily responsible for the financial and risk management, capital markets, investor relations of the Group. On 23 May 2025, an announcement was published by the Company that Mr. Chen has resigned as the CFO of the Company and the resignation shall be effective from 1 August 2025.

Mr. Chen has around 18 years of experience spanning across investment banking, securities underwriting, equity capital market and corporate finance. From January 1995 to September 1999, Mr. Chen worked at China Southern Securities Co., Ltd. (南方證券有限公司) as the manager of securities underwriting in international business department, where he was responsible for underwriting and listing of Chinese B shares. From March 2002 to July 2002, Mr. Chen worked at Standard Capital Brokerage Limited as a business development manager. From July 2002 to December 2003, Mr. Chen worked at Polaris Capital (Asia) Limited (formerly known as GC Capital (Asia) Limited) as an associate director of equity capital market division. Mr. Chen joined Piper Jaffray Asia Securities Limited (formerly known as Goldbond Securities Limited) in April 2006 as a director of equity capital market division and was designated as the principal in October 2007, and Mr. Chen subsequently served as the head of Hong Kong equity capital market division from August 2008 to April 2009. From April 2009 to September 2010, Mr. Chen held the positions as managing director and head of institutional sales at China Everbright Limited.

In September 2010, Mr. Chen joined Fufeng Group Limited (“Fufeng Group”), a company listed on the Stock Exchange (stock code: 0546), as the vice general manager, and subsequently served as the executive director and chief financial officer from November 2010 to December 2014, during which he was responsible for matters relating to corporate finance, capital markets, investor relations, corporate development and other financial management.

Subsequent to that, Mr. Chen served as the chief financial officer at Hyalroute Communication Group Limited (formerly known as International Telecommunication Group Holdings Limited), a telecom infrastructures provider in Southeast Asia, where he was primarily responsible for formulating the financial strategies and directing financial management functions of the company. Mr. Chen then rejoined Fufeng Group Limited in July 2017 and served as the chief financial officer until June 2021.

Mr. Chen obtained a bachelor's degree in accounting from Xiamen University (廈門大學) in the PRC in July 1991 and a Master of Business Administration in international banking and finance from Birmingham Business School of the University of Birmingham in the United Kingdom in December 2001.

Mr. Chen ranked as one of the best CFOs by Finance Asia in the Best Companies Polls covering Hong Kong, Mainland China and Taiwan in March 2014.

ZHANG Haicheng (張海成), aged 45, has been the operation general manager of the Group since January 2019 and is primarily responsible for the day-to-day management of dairy farms in the PRC. Mr. Zhang has more than 16 years of experience in dairy farm management and operation. Mr. Zhang joined the Group in September 2009 as a deputy dairy farm manager of Dongying AustAsia, our principal operating subsidiary in the PRC, and successively served in its information division and farm operation manager from August 2010 to April 2013. Mr. Zhang worked as a dairy farm manager at Dongying Shenzhou AustAsia, our other principal operating subsidiaries in the PRC, from May 2013 to December 2014. Mr. Zhang was appointed as the dairy farm deputy general manager of the Group in January 2015, and successively promoted to be the general manager in Shandong region in January 2017 and the operation general manager in January 2019.

Prior to joining the Group, Mr. Zhang joined Helingeer Dairy as the information division manager in October 2005. From September 2009 to July 2010, Mr. Zhang worked at Modern Farm as a deputy manager of information division.

Mr. Zhang obtained a college degree in computer and applications from Inner Mongolia University of Technology (內蒙古工業大學) in the PRC in July 2003.

7. DIRECTORSHIPS AND EMPLOYMENT OF THE DIRECTORS WITH COMPANIES HAVING DISCLOSEABLE INTERESTS

As at the Latest Practicable Date, so far as is known to the Directors, the Directors who were also directors or employees of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Company	Name of Director	Position(s) held
Japfa Ltd	TAN Yong Nang	Executive director and chief executive officer
Japfa Ltd	Gabriella SANTOSA	Head of business development & strategy

Save as disclosed above, as at the Latest Practicable Date, no other Director or proposed Director was a director or employee of a company which has an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO.

8. DISCLOSURE OF INTEREST OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company are taken or deemed to have pursuant to Divisions 7 and 8 of Part XV of the SFO); or (b) entered in the register required to be kept under Section 352 of the SFO; or (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the “**Model Code**”); or (d) disclosed under the Hong Kong Takeovers Code are as follows:

Interests in Shares and underlying Shares

Name of Director or chief executive	Nature of interest	Number of Shares	% of issued share capital⁽¹⁾
TAN Yong Nang	Interests held by a wholly-owned entity Investment manager of a discretionary family trust	28,031,111 (L) ⁽²⁾	4.00%
Edgar Dowse COLLINS	Beneficial owner	8,124,060 (L)	1.16%

Name of Director or chief executive	Nature of interest	Number of Shares	% of issued share capital ⁽¹⁾
YANG Ku	Beneficial owner	3,010,000 (L)	0.43%
GAO Lina	Beneficial owner	135,000 (L)	0.02%
Gabriella SANTOSA	Joint investment power holder beneficiary of a trust and beneficial owner	259,814,213 (L) ⁽³⁾⁽⁴⁾	37.09%

Notes:

(L) denotes long position

(1) The calculation is based on the total number of 700,463,112 issued Shares as at the Latest Practicable Date.

(2) The Shares of Mr. TAN Yong Nang include (i) 17,431,111 Shares are held by Great Alpha Investments Limited, which is wholly-owned by Mr. TAN; and (ii) 10,600,000 Shares is held by Great Delta Investments Limited under a discretionary family trust whose trustee is Butterfield Trust (Asia) Limited. Mr TAN is the investment manager of such Trust.

(3) Rangi Management Limited is wholly owned by Fusion Investment Holdings Limited. Tasburgh Limited holds 21,342,875 Shares. The shares in each of Fusion Investment Holdings Limited and Tasburgh Limited are collectively held by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees on trust for their sole shareholder, Highvern Trustees Limited, as trustee of the Scuderia Trust, which is a reserved power discretionary trust. The Shares held by Rangi Management Limited and Tasburgh Limited are assets of the Scuderia Trust. Mr. Renaldo SANTOSA and Ms. Gabriella SANTOSA are appointed as the joint investment power holders of the Scuderia Trust. Under the terms of the Scuderia Trust, they are jointly entitled, as investment power holders, to direct the trustee of the Scuderia Trust, Highvern Trustees Limited, to procure to the best of its ability that the directors of Fusion Investment Holdings Limited and Tasburgh Limited act in accordance with their instructions in relation to the investments of the Scuderia Trust. By virtue of the SFO, each of Mr. Renaldo SANTOSA, Ms. Gabriella SANTOSA and Highvern Trustees Limited (as trustee of the Scuderia Trust) is deemed to be interested in the Shares held by Rangi Management Limited and Tasburgh Limited, and Fusion Investment Holdings Limited is deemed to be interested in the Shares held by Rangi Management Limited. Rangi Management Limited is also deemed interested in Japfa's 12,536,038 Shares in the Company.

The beneficiaries of the Scuderia Trust are Mdm. Farida Gustimego SANTOSA, her children (Mr. Renaldo SANTOSA, Ms. Gabriella SANTOSA, Mr. Mikael SANTOSA and Mr. Raffaella SANTOSA) and remoter issue.

(4) Tallowe Services Inc. holds 13,540,000 Shares. Tallowe Services Inc. is wholly owned by Magnus Nominees Limited and Fidelis Nominees Limited as bare trustees for the estate of Mr. Handojo SANTOSA. Mr. Renaldo SANTOSA and Ms. Gabriella SANTOSA are beneficiaries of Mr. Handojo SANTOSA's interest in Tallowe Services Inc.

Save as disclosed above and so far as was known to any Director or chief executive of the Company, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive of the Company were taken or deemed to have

pursuant to Divisions 7 and 8 of Part XV of the SFO), or (ii) entered in the register required to be kept under Section 352 of the SFO, (iii) notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company, or (iv) disclosed under the Hong Kong Takeovers Code.

9. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the Announcement; or (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

10. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor any proposed Director or their respective close associates was considered to have an interest in a business which competes or was likely to compete, either directly or indirectly, with the business of the Group other than those business to which the Directors or their close associates were appointed to represent the interests of the Company and/or the Group.

11. DIRECTORS' INTERESTS IN ASSETS AND/OR CONTRACTS OF THE GROUP

As at the Latest Practicable Date:

- (a) none of the Directors nor any proposed Director had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up; and
- (b) none of the Directors nor any proposed Director was materially interested in any contract or arrangement subsisting and which was significant in relation to the business of the Group.

12. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

13. MATERIAL CONTRACTS

As at the Latest Practicable Date, there were no material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which had been entered into by any member of the Group during the period commencing from the two years immediately preceding the date of the Announcement and up to the Latest Practicable Date.

14. LITIGATION

In April 2023, Shanghai AustAsia Food Co., Ltd. (上海澳雅食品有限公司, hereafter referred to as “Shanghai AustAsia”) applied for a preservation order against Hebei Yuanfuda Trading Group Co., Ltd. (河北媛福達商貿集團有限公司, hereafter referred to as “Hebei Yuanfuda”) for failure to pay RMB7,223,812.5 for milk products supplied to Hebi Yuanfuda under its procurement contract with Shanghai AustAsia. The People’s Court of Lianchi District, Baoding City ruled by the Second Instance Civil Judgment (Ji 0606, Min Chu No. 5524 [2023]) to defer Shanghai AustAsia’s application until after criminal charges against Hebi Yuanfuda have been resolved. On 8 December 2023, Shanghai AustAsia appealed against this decision and was ruled against by the Intermediate People’s Court of Baoding City (保定市中級人民法院). Shanghai AustAsia will continue to seek recovery from Hebei Yuanfuda once the criminal proceedings against Hebei Yuanfuda have been completed.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any other member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

15. ARRANGEMENTS AFFECTING DIRECTORS

As at the Latest Practicable Date:

- (a) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Controlling Shareholders or any person acting in concert with her and any Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the outcome of the Rights Issue;

- (b) there was no agreement or arrangement between any Director and any other person which was conditional or dependent upon the outcome of the Rights Issue and the Whitewash Waiver or otherwise connected with the Rights Issue and the Whitewash Waiver;
- (c) no benefit (other than statutory compensation) would be given to any Director as compensation for loss of office or otherwise in connection with the Rights Issue and the Whitewash Waiver; and
- (d) no material contract had been entered into by the Controlling Shareholders in which any Director has a material personal interest.

16. ADDITIONAL DISCLOSURE

As at the Latest Practicable Date:

- (a) save for the Shares as set out in the sections headed “Effects on the Shareholding Structure of the Company” in the “Letter from the Board” in this circular and “8. Disclosure of Interest of Directors and Chief Executive” in this appendix, none of the Directors owned, controlled or had discretion over any Shares and right over Shares, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company or any Controlling Shareholder which is a corporate entity, or held any relevant securities (as defined in Note 4 to Rule 22 of the Hong Kong Takeovers Code) in the Company or any Controlling Shareholder which is a corporate entity;
- (b) none of the Directors had dealt for value in, any Shares or any securities, convertible securities, warranties, options or derivatives in respect of any Shares or securities of the Company or any Controlling Shareholder which is a corporate entity during the Relevant Period;
- (c) none of the subsidiaries of the Company, pension funds of the Company or of any member of the Group or by a person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Hong Kong Takeovers Code had owned or controlled, or had dealt for value in, any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company during the Relevant Period;
- (d) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and the Company or any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert” under the Hong Kong Takeovers Code or who is an associate of the Company by virtue of classes (2), (3) and (4) of the

definition of “associate” under the Hong Kong Takeovers Code, and no such person had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Hong Kong Takeovers Code) of the Company during the Relevant Period;

- (e) no fund managed on a discretionary basis by any fund manager (other than exempt fund managers) connected with the Company had any interest in the relevant securities (as defined in Note 4 to Rule 22 of Hong Kong the Takeovers Code) of the Company and no such persons had dealt for value in any relevant securities (as defined in Note 4 to Rule 22 of the Hong Kong Takeovers Code) of the Company during the Relevant Period;
- (f) none of the Company nor any Directors had borrowed or lent any Shares or any securities, convertible securities, warrants, options or derivatives in respect of any Shares or securities of the Company;
- (g) there was no agreement, arrangement or understanding to transfer, charge or pledge the Rights Shares to be acquired by the Controlling Shareholders and Concert Parties in pursuance of the Rights Issue to any other persons;
- (h) save for the Irrevocable Undertaking, no person had irrevocably committed themselves to vote for or against the resolutions to be proposed at the EGM to approve the Rights Issue and the Whitewash Waiver;
- (i) the address of Mr. Renaldo SANTOSA is 391B Orchard Road, #16-08 Ngee Ann City Tower B Singapore 238874 and his Hong Kong correspondence address is 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong;
- (j) the address of Rangi Management Limited is 391B Orchard Road, #16-08 Ngee Ann City Tower B Singapore 238874 and its Hong Kong correspondence address is 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. The directors of Rangi Management Limited are Rough 2004 Limited and Vert 2004 Limited;
- (k) the address of Tasburgh Limited is 391B Orchard Road, #16-08 Ngee Ann City Tower B Singapore 238874 and its Hong Kong correspondence address is 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. The directors of Tasburgh Limited are Rough 2004 Limited and Vert 2004 Limited;
- (l) the address of Tallowe Services Inc. is 391B Orchard Road, #16-08 Ngee Ann City Tower B Singapore 238874 and its Hong Kong correspondence address is 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong. The directors of Tallowe Services Inc. are Rough 2004 Limited and Vert 2004 Limited;
- (m) the address of Ms. Gabriella SANTOSA is 391B Orchard Road, #16-08 Ngee Ann City Tower B Singapore 238874 and her Hong Kong correspondence address is 46th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong;

- (n) the address of Highvern Trustees Limited is 391B Orchard Road, #16-08 Ngee Ann City Tower B Singapore 238874 and its Hong Kong correspondence address is 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. The directors of Highvern Trustees Limited are Martin John Hall, Naomi Julia Rive and Mr Richard Mark Joynt;
- (o) the address of Magnus Nominees Limited is 391B Orchard Road, #16-08 Ngee Ann City Tower B Singapore 238874 and its Hong Kong correspondence address is 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. The directors of Magnus Nominees Limited are Naomi Julia Rive, Philip Mark Carlton, Mr Richard Mark Joynt and Sarah Jayne Weaver;
- (p) the address of Fidelis Nominees Limited is 391B Orchard Road, #16-08 Ngee Ann City Tower B Singapore 238874 and its Hong Kong correspondence address is 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. The directors of Fidelis Nominees Limited are Naomi Julia Rive, Philip Mark Carlton, Mr Richard Mark Joynt and Sarah Jayne Weaver;
- (q) the address of Fusion Investment Holdings Limited is 391B Orchard Road, #16-08 Ngee Ann City Tower B Singapore 238874 and its Hong Kong correspondence address is 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. The directors of Fusion Investment Holdings Limited are Rouge 2004 Limited and Vert 2004 Limited;
- (r) the address of the Scuderia Trust is 391B Orchard Road, #16-08 Ngee Ann City Tower B Singapore 238874 and its Hong Kong correspondence address is 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. The Scuderia Trust does not have any directors;
- (s) the address of Japfa Ltd is 391B Orchard Road, #18-08 Ngee Ann City, Tower B Singapore 238874 and its Hong Kong correspondence address is 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong;
- (t) the address of TAN Yong Nang is 400 Orchard Road, #15-08, Orchard Towers, Singapore 238875 and his Hong Kong correspondence address is 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong;
- (u) the address of Edgar Dowse COLLINS is 400 Orchard Road, #15-08, Orchard Towers, Singapore 238875 and his Hong Kong correspondence address is 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong;
- (v) the address of YANG Ku is 400 Orchard Road, #15-08, Orchard Towers, Singapore 238875 and his Hong Kong correspondence address is 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong; and
- (w) the address of GAO Lina is 400 Orchard Road, #15-08, Orchard Towers, Singapore 238875 and her Hong Kong correspondence address is 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

17. QUALIFICATION AND CONSENT OF EXPERTS

The following is the qualification of each of the experts who has given opinion or advice which is contained in this circular:

Name	Qualification
Altus Capital Limited	A corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent property valuer

As at the Latest Practicable Date, each of the above experts did not have any shareholding, either directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interest in any assets which has been acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which they appear.

18. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Headquarter and Registered Office	400 Orchard Road #15-08 Orchard Towers Singapore 238875
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Principal Place of Business in the PRC	No. 10, Yongguan Road Yongan Town Kenli District Dongying City Shandong Province China
Principal Place of Business in Hong Kong	46th Floor, Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Company Secretaries Singapore	Ms. CHUA Sook Ping Christina <i>(LLB (Hons))</i>
Hong Kong	Ms. HO Wing Nga <i>(HKFCG (PE), FCG)</i>
Principal Share Registrar	Boardroom Corporate & Advisory Services Pte. Ltd. 1 Harbourfront Avenue Keppel Bay Tower #14-07 Singapore 098632
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East Wanchai, Hong Kong China
Authorised Representatives under the Listing Rules	Mr. Edgar Dowse COLLINS 400 Orchard Road #15-08 Orchard Towers Singapore 238875 Ms. CHUA Sook Ping Christina 391B Orchard Road #18-08 Ngee Ann City Singapore 238874

Principal Banks**DBS Bank Ltd**

12 Marina Boulevard Level 45
Marina Bay Financial Centre Tower 3
Singapore 018982

DBS Bank (China) Limited**Shanghai Branch**

18th Floor, DBS Bank Tower
1318 Lu Jia Zui Ring Road
Pudong New District
Shanghai 200120, China

PT Bank Mandiri (Persero) TBK**Shanghai Branch**

Unit 4101 Shanghai Tower
501 Yin Cheng Zhong Road
Pudong New District
Shanghai, China

Malayan Banking Berhad**Shanghai Branch**

Room 03-04, 6th Floor, BRICS Tower
No. 333 Lu Jia Zui Ring Road
Pudong New District
Shanghai 200120, China

United Overseas Bank (China) Limited

Shanghai Pilot Free Trade Zone
Sub-branch

Room 602, 6F, No. 116
128 Yincheng Road
Pilot Free Trade Zone
Shanghai 200120, China

**China Construction Bank Corporation
Co., Ltd**

Dongying Nonggao District Sub-branch
No. 9 Guangbei Road
Agricultural High-tech Zone
Dongying City, Shandong Province, China

Legal Adviser as to Laws of the PRC	Global Law Office 15th Floor, Tower 1, China Central Place No. 81, Jianguo Road, Chaoyang District Beijing 100025, China
Legal Adviser as to Laws of Hong Kong	WOO KWAN LEE & LO 26th Floor, Jardine House 1 Connaught Place, Central Hong Kong, China
Legal Adviser as to Laws of Singapore	Rajah & Tann Singapore LLP 9 Straits View #06-07 Marina One West Tower Singapore 018937
Legal Adviser as to the Rights Issue	King & Wood Mallesons 13/F Gloucester Tower, The Landmark 15 Queen's Road Central, Central Hong Kong, China
Auditor	Ernst & Young <i>(Certified Public Accountants and Registered Public Interest Entity Auditor)</i> 27/F, One Taikoo Place 979 King's Road, Quarry Bay Hong Kong, China
Financial Adviser	Quam Capital Limited 5/F and 24/F (Rooms 2401 and 2412) Wing On Centre 111 Connaught Road Central Hong Kong, China
Independent Financial Adviser	Altus Capital Limited 21 Wing Wo Street, Central Hong Kong, China
Valuer	Jones Lang LaSalle Corporate Appraisal and Advisory Limited 7th Floor, One Taikoo Place 979 King's Road, Hong Kong

19. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the respective websites of the SFC at www.sfc.hk and the Company at www.austasiadairy.com for display from the date of this circular up to and including the date of EGM:

- (i) the Constitution;
- (ii) the annual reports of the Company for the three financial years ended 31 December 2024;
- (iii) the letter from the Board, the text of which is set out on pages 11 to 36 of this circular;
- (iv) the letter from the Independent Board Committee, the text of which is set out on pages IBC-1 to IBC-2 of this circular;
- (v) the letter from the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-50 of this circular;
- (vi) the report from Ernst & Young on the unaudited pro forma financial information of the Group in respect of the Rights Issue, the text of which is set out on pages II-1 to II-5 of this circular;
- (vii) the consent letters from the experts referred to in the paragraph headed “16. Qualification and Consent of Experts” in this appendix;
- (viii) the property valuation report from Jones Lang LaSalle Corporate Appraisal and Advisory Limited dated 5 June 2025; and
- (ix) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



(Incorporated in the Republic of Singapore with limited liability)
(Stock Code: 2425)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “**EGM**”) of AustAsia Group Ltd. (the “**Company**”) will be held at 9/F, The Center, 99 Queen’s Road Central, Central, Hong Kong on Friday, 27 June 2025 at 3:00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions. Unless otherwise defined, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 5 June 2025 (the “**Circular**”).

ORDINARY RESOLUTION

1. “**THAT** subject to and conditional upon the passing of the resolution number 2 and, the fulfillment of the all the conditions as set out in the section headed “Letter from the Board – 2. Proposed Rights Issue – Conditions of the Rights Issue” in the Circular (a copy of which marked “**A**” is produced to the EGM and initialled by the chairman of the EGM for the purpose of identification):
 - (a) the Company’s allotment and issue by way of rights of a maximum of 280,185,244 Rights Shares (assuming there is no change in the total number of issued Shares from the Latest Practicable Date up to and including the Record Date) to the Shareholders at the subscription price of HK\$1.12 per Rights Share on the basis of two (2) Rights Shares for every five (5) existing Shares held by the Qualifying Shareholders at the close of the business on the Record Date and substantially on the terms and conditions set out in the Circular and on and subject to such terms and conditions as may be determined by the Directors, be and are hereby approved, confirmed and ratified;
 - (b) the Board or a committee thereof be and is hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the Rights Shares may be offered, allotted or issued otherwise than pro rata to the Qualifying Shareholders and, in particular, any Directors be and is hereby authorised to make such exclusions or other arrangements in relation to any Non-Qualifying Shareholders, and to do all such acts and things or make such arrangements as he/she considers necessary

NOTICE OF EXTRAORDINARY GENERAL MEETING

or expedient having regard any restrictions under the Constitution, laws of the relevant place or the requirements of the relevant regulatory body or any stock exchange to give effect to any or all other transactions contemplated in this resolution; and

- (c) any one or more Directors be and is/are hereby authorised to do all such acts and things and execute and deliver all such documents, which are ancillary to the Whitewash Waiver, on behalf of the Company, including under common seal where applicable, as he/they may consider necessary, desirable or expedient to implement or give effect to any matters in connection with the Rights Issue.

SPECIAL RESOLUTION

2. “**THAT:**

- (a) subject to the granting of the Whitewash Waiver by the Executive or any of his delegate(s) and any conditions that may be imposed thereon, the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Hong Kong Takeovers Code to waive the obligation of the Controlling Shareholders to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Controlling Shareholders and Concert Parties as a result of the acceptance by Controlling Shareholders of the provisional allotment pursuant to the Irrevocable Undertaking in the event that the Rights Shares are not issued in full be and is hereby approved; and
- (b) any one or more Directors be and is/are hereby authorised to do all such acts and things and execute and deliver all such documents, which are ancillary to the Rights Issue, on behalf of the Company, including under common seal where applicable, as he/they may consider necessary, desirable or expedient to implement or give effect to any matters in connection with the Whitewash Waiver.

By order of the Board
AustAsia Group Ltd.
Edgar Dowse COLLINS
*Executive Director and Chief
Executive Officer*

Hong Kong, 5 June 2025

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any member entitled to attend and vote at the EGM is entitled to appoint one or, if he/she holds two or more shares, more person(s) as his/her proxy or proxies to attend and vote instead of him/her. A proxy needs not be a member of the Company.
2. To be valid, the proxy form must be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
3. The proxy form and the power of attorney or other authority, if any, under which it is signed or a notarial certified copy of that power or authority shall be deposited at Computershare Hong Kong Investor Services Limited (the “**Share Registrar**”) at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time (i.e. Wednesday, 25 June 2025 at 3:00 p.m.) for holding the meeting or adjourned meeting or poll (as the case may be) at which the person named in such proxy form proposes to vote, and in default the proxy form shall not be treated as valid.
4. Where there are joint registered holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
5. For ascertaining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Monday, 23 June 2025 to Friday, 27 June 2025, both dates inclusive, during which period no transfer of Shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Shops 1712 - 1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 20 June 2025.
6. Pursuant to Rule 13.39(4) of the Listing Rules, both resolutions set out in this notice will be voted on by way of poll at the EGM.

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE DATE OF EGM

If there is a tropical cyclone warning signal no. 8 or above, Extreme Condition, or a “black” rainstorm warning signal:

- (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force at 12:00 noon and/or thereafter on the date of EGM, the EGM will remain on the same date; or
- (b) in force in Hong Kong at any local time at 12:00 noon and/or thereafter on the date of EGM, the EGM will be rescheduled to the following Business Day which does not have any of those warnings or conditions in force in Hong Kong at any time at 12:00 noon and/or thereafter or such other day as the Executive may approve in accordance with the Hong Kong Takeovers Code.

If the EGM does not take place on the currently scheduled date, the dates mentioned in the paragraph headed “Expected Timetable” above may be affected. The Company will notify the Shareholders by way of announcement of any change to the timetable as soon as practicable.

NOTICE OF EXTRAORDINARY GENERAL MEETING

PERSONAL DATA PRIVACY

Where a member of the Company submits an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

As at the date of this notice, the Board comprises Mr. TAN Yong Nang as Executive Chairman, Mr. Edgar Dowse COLLINS as Executive Director and Chief Executive Officer, Mr. YANG Ku as Executive Director and Chief Operating Officer, Ms. GAO Lina, Mr. Tamotsu MATSUI and Ms Gabriella SANTOSA as Non-executive Directors, and Messrs. SUN Patrick, CHANG Pan, Peter and LI Shengli as Independent Non-executive Directors.